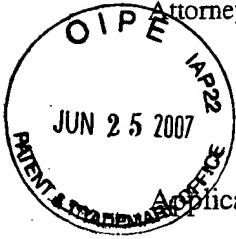


Application No. 09/874,483
Attorney Docket No. 3832-010581



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Application No. : 09/874,483
Applicants : Glenn M. Renwick et al.
Filed : June 5, 2001
Title : METHOD OF PROCESSING VEHICLE DAMAGE CLAIMS
Art Unit : 3626
Examiner : Vanel Frenel
Confirmation No. : 6164
Customer No. : 28289

DECLARATION UNDER 37 C.F.R. §1.131

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

I, Steven Gellen, hereby declare as follows:

1. I am a named inventor of the invention described and claimed in the above-captioned application.

2. My invention, titled as a "Method of Processing Vehicle Damage Claims", was first disclosed in an e-mail, dated prior to January 19, 2001. In particular, this e-mail stated that I was "leading a team to develop a template for how claims offices may be configured in the future" which was labeled as Concierge. The e-mail specifically stated the system functions as follows: first, "a customer brings a damaged vehicle to a Progressive facility". Then, "a Progressive employee hands over keys to a rental car, and the customer leaves after ten minutes". Next, "an adjuster inspects the vehicle, writes an estimate and finds a body shop to work on the car". After that "the

body shop takes the car, repairs it and returns the car to the Progressive facility". Finally, "the customer returns the rental car and takes back his own car from our facility". A copy of this e-mail, with dates redacted, is attached hereto as Exhibit 1.

3. Subsequent to the above e-mail and prior to March 22, 2001, I prepared a flow chart describing the present invention and forwarded it to Dane Shrallow, Esq., Associate General Counsel for Progressive. This flow chart, along with a brochure which describes important elements of my invention, was, in turn, provided to our patent counsel, namely, The Webb Law Firm, on March 22, 2001. A copy of the flow chart and brochure along with a cover letter dated March 22, 2001 are attached hereto as Exhibit 2.

4. From March 22, 2001 until the United States filing date of June 5, 2001, for the above-identified application, I proceeded diligently by working on the development of the final design of the invention and explaining the invention to Progressive's patent counsel at The Webb Law Firm through Associate General Counsel at Progressive, reviewing the patent application prepared by patent counsel and filing the patent application in the United States Patent and Trademark Office on June 5, 2001. Specifically, a draft of the application was forwarded from The Webb Law Firm to Progressive via FedEx on April 26, 2001. On May 10, 2001, comments on the draft patent application were sent to The Webb Law Firm. These comments were incorporated into the patent application and the patent application was returned to Progressive on May 31, 2001. After a final review, approval was given on June 4, 2001 to The Webb Law Firm that the patent application should be filed. Documentation illustrating this chain of events is attached hereto as Exhibit 3. This documentation includes: (1) a FedEx receipt dated April 26, 2001; (2) a cover letter from The Webb Law Firm to Progressive dated April 25, 2001 relating to a first draft of the patent application for review by the inventors; (3) a return cover letter from Progressive to The Webb Law Firm dated May 10, 2001 with comments on the application; (4) a cover letter from The Webb Law Firm to Progressive dated May 31, 2001 enclosing a revised application incorporating Progressive's

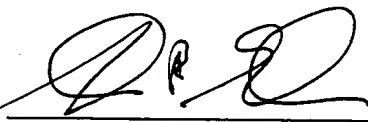
comments; and (5) a final cover letter from Progressive to The Webb Law Firm dated June 4, 2001 returning the Declaration and Power of Attorney to The Webb Law Firm and authorizing the filing of the patent application.

5. The above application was subsequently filed in the United States Patent and Trademark Office on June 5, 2001.

6. To the best of my knowledge and belief, this invention was not sold or in public use in the United States for one year prior to the date of the above application, nor was it patented or described in a printed publication anywhere prior to that time. Finally, the invention was never abandoned.

7. This activity from before January 19, 2001 until June 15, 2001, which is the effective filing date of the United States patent application, demonstrates the required evidence of conception and diligence to the filing of the patent application.

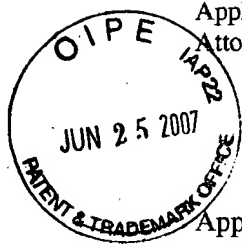
8. I declare further that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true, and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.



Steven A. Gellen

12/20/06

Date



Application No. 09/874,483
Attorney Docket No. 3832-010581

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Application No. : 09/874,483
Applicants : Glenn M. Renwick et al.
Filed : June 5, 2001
Title : METHOD OF PROCESSING VEHICLE DAMAGE CLAIMS
Art Unit : 3626
Examiner : Vanel Frenel
Confirmation No. : 6164
Customer No. : 28289

SUPPLEMENTAL DECLARATION UNDER 37 C.F.R. §1.131

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

I, Steven Gellen, hereby declare as follows:

1. I am a named inventor of the invention described and claimed in the above-captioned application.

2. This declaration is provided to supplement the Declaration under 37 C.F.R. §1.131 submitted with the Request for Reconsideration on December 22, 2006. The purpose of this declaration is to establish due diligence from January 19, 2001 to March 22, 2001.

3. Attached hereto are monthly reports of the activity concerning my invention titled "Method of Processing Vehicle Damage Claims" for January through March 2001 as Exhibits A, B and C, respectively. Each of these reports covers the results and activities concerning the development of my invention for the preceding month. The Declaration under 37 C.F.R. §1.131

submitted with the Request for Reconsideration on December 22, 2006 establishes a date of conception of the present invention prior to January 19, 2001. These reports, as will be discussed in greater detail hereinafter, establish due diligence from the date of conception to the submission of the invention to our patent counsel, namely, The Webb Law Firm, on March 22, 2001 for the preparation of a patent application.

4. The first report for January 2001 (Exhibit A) is provided in an e-mail that I authored on February 5, 2001. Please note that within this report, "Concierge", "Progressive Repair Service" and "PRS" refer to the process of the present invention. This report provides performance data for January 2001 for the first three sites opened implementing the invention of the above-referenced application, discussion of newly adopted and proposed operational guidelines and plans for improvement and refinement of the process of the present invention. Some highlights of this report establishing due diligence are as follows:

a) A table illustrating customer satisfaction at the three sites utilizing the present invention for October - December 2000 and January 2001 (see page 2);

b) A table illustrating a comparison of the cycle times (i.e., the time needed to get a car from a customer, repair the car and return the car to the customer) of the process of the present invention versus a prior art method (see page 3);

c) A description of the testing of a web based management system designed to support the process of the present invention in January 2001 (see page 4);

d) A table illustrating the number of acquisitions at the sites utilizing the process of the present invention per week during the month of January 2001 (see page 5);

e) Maps illustrating the addresses of customers in Ohio and Virginia, respectively, using the Progressive site that was utilizing the present invention through December 2000 (see pages 7 and 8);

f) An e-mail from Brian Wakefield on February 5, 2001 detailing customer results using the process of the present invention along with a discussion of improvements and changes to the process of the present invention based on information gathered during January 2001 (see pages 9 and 10); and

g) Performance charts illustrating number of days for each stage of the process of the present invention in December 2000 and January 2001 at each of the three test sites (see pages 20-26).

5. The second report for February 2001 (Exhibit B) is provided in an e-mail that I authored on March 11, 2001. Please note that within this report "Concierge" and "PRS" refer to the process of the present invention. This report provides performance data for February 2001 for the first three sites opened implementing the invention of the above-referenced application, discussion of new operational guidelines and management tools and discussions of improvements and refinements of the process of the present invention. Some highlights of this report establishing due diligence are as follows:

a) A table illustrating customer satisfaction at the three sites utilizing the present invention for November and December 2000 and January 2001 and February 2001 (see page 2);

b) A table illustrating a comparison of the cycle times (i.e., the time needed to get a car from a customer, repair the car and return the car to the customer) of the process of the present invention in February 2001 versus a prior art method (see page 3);

c) A description of the implementation of a web based management system at the Orlando trial site designed to support the process of the present invention in February 2001 (see pages 3-4);

d) Description of the development of models for improved implementation of the process of the present invention in February 2001 (see page 4);

e) Description of the development of initial operating standards for the process of the present invention in February 2001 (see pages 4-6);

f) An e-mail from Brian Wakefield on March 5, 2001 detailing customer results using the process of the present invention along with a discussion of improvements and changes to the process of the present invention based on information gathered during February 2001 (see pages 12 and 14);

g) An e-mail from Tom Dance on March 7, 2001 detailing reviews of the process of the present invention as implemented at the Orlando site during February of 2001 (see pages 15-19); and

h) A memo from Tom Dance dated February 21, 2001 providing a detailed discussion of operational guidelines of the process of the present invention (see pages 26 and 27).

6. The third report for March 2001 (Exhibit A) is provided in an e-mail that I authored on April 10, 2001. Please note that within this report, "Concierge" refers to the process of the present invention. This report provides performance data for March 2001 for the first three sites opened implementing the invention of the above-referenced application, discussion of newly adopted and proposed operational guidelines and plans for improvement and refinement of the process of the present invention. Some highlights of this report establishing due diligence are as follows:

a) A table illustrating customer satisfaction at the three sites utilizing the process of the present invention for December 2000 to March 2001 (see page 2);

b) A table illustrating a comparison of the cycle times (i.e., the time needed to get a car from a customer, repair the car and return the car to the customer) of the process of the present invention for March 2001 versus a prior art method (see pages 4 and 5);

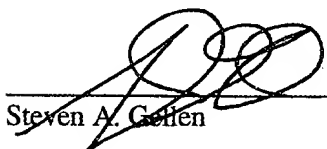
c) Various tables, charges and graphs providing survey and other results regarding the process of the present invention (see pages 6-11);

d) An e-mail from William Church on April 3, 2001 discussing the improvements in quality based on the improvements to the present invention from January 2001 to the end of March 2001. Additionally, claims handling at the test sites also improved as the process of the present invention was refined from January 2001 to the end of March 2001 (see page 12); and

e) An e-mail from Brian Wakefield on April 3, 2001 detailing customer results using the process of the present invention along with a discussion of improvements and changes to the process of the present invention based on information gathered during March 2001 (see pages 14-16).

7. This activity from December, 2001 until April, 2001, establishes evidence of due diligence from January 19, 2001 until March 22, 2001 as requested by the Examiner during the interview of May 3, 2007. Accordingly, this Supplemental Declaration under 37 C.F.R. §1.131 combined with the Declaration under 37 C.F.R. §1.131 filed December 22, 2006 demonstrates the required evidence of conception and diligence to the filing of the patent application.

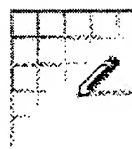
8. I declare further that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true, and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.



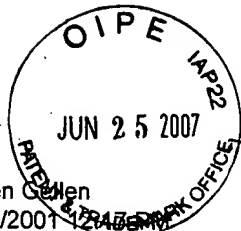
Steven A. Gellen

6/21/07

Date



Steven Cohen
02/05/2001 12:47 PM



track/dew
per
new false
by rep?

local analysts → dispatch tracking
→ feedback on referral body process
→ local cost security for paint shift
and loan in w/o cashy as then security
→ feedback on body factory etc.

To: brian passell
cc: William Church, brian frey, brian wakefield, Tom Dance
Subject: January 2001 Progressive Repair Service Report

Resendo

Volume

Volume at the Virginia Beach facility is flat and close to the theoretical maximum we have predicted given their referral success rate. Volume at the Cleveland facility was down both because overall feature volume was down and acquisition rate was down. Orlando set a goal of 100 vehicle in January and surpassed it. They are ~~still~~ limited by not having a facility to work out of. (S)

	acquire/wk this month	acquire/wk tri 3 months	acquire/gross new this month	acquire/gross new tri 3 months
va beach	41.8	41.8	28.7%	28.8%
cleveland	31.8	42.5	6.2%	7.6%
orlando	20.6	10.1	5.4%	2.7%
total	94.2	94.5	9.1%	8.8%

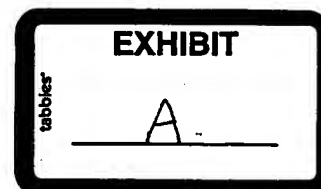
Through December 70.6% of Cleveland and 77.1% of Virginia Beach acquisitions have had a home address within 15 miles of our facilities. In Cleveland 5.7% and in Virginia Beach 1.9% of acquisitions have had a home address greater than 25 miles from our facilities. At this time it is not clear whether this distribution is driven by our offering patterns or customer choice. It is also not clear how work address plays into the distribution. This is an area we are concentrating on.

flu VA Beach
Orlando.

We have developed a basic model that looks at gross new physical damage features reported and projects repair facility volume at a given acquisition rate. It suggests that for 100 new features ~~on~~ 24 will be acquired at a 65% acquisition rate. The 76 lost features are largely the result of CWP's, Total Losses, and non-repaired vehicles. Only a handful of metropolitan locations generate 100 or more new physical damage features per day.

Based on manual tracking it appears that in January 62.5% of offers of service in Orlando and 83.0% in Virginia Beach were accepted and resulted in an acquisition. Orlando does not have a consistent offer process due to facility constraints. In Virginia Beach 93% of accepted offers were made by phone thus avoiding dispatch.

We continue to see ^A acceptance rates biased by policy distribution channel. Agent business underperforms direct business.



network features relative to claims

direct % > pentabro

direct vs agent channel penetration		
concierge	January-01	trail 3 months
virginia	45.9%	20.5%
ohio	127.3%	70.7%
florida	100.0%	225.0%
TotalPro	January-00	trail 3 months
virginia	44.8%	32.1%
ohio	17.9%	21.9%
florida	11.9%	10.0%

fla agt heavy VA beach.

Customer Satisfaction

See below on

by

The table below reflects evaluation of the overall claims process for repair service customers. A score of 4.0 translates to exceeded expectations, 5.0 significantly exceeded expectations. We changed processes in December such that we do not attempt to survey every customer. That said January survey volume is light. Repair quality remains an opportunity area.

satisfaction/ N	October-00	November-00	December-00	January-01
va beach	4.75/73	4.59/44	4.78/18	5.00/5
cleveland	4.38/40	4.31/39	4.31/85	4.43/7
orlando	---	4.67/3	4.73/11	4.80/5
total	4.62/113	4.47/86	4.42/114	4.71/17

fla surveys drop.

Renewal data is very thin. The data below looks at PIF's at the beginning of a term and compares them to what remains after the renewal offer. Only PIF's that had a physical damage claim during the term are included in the data.

	non-network		totalpro		concierge	
	renewal rate	pifs expiring	renewal rate	pifs expiring	renewal rate	pifs expiring
virginia	71.5%	6,962	78.0%	528	75.0%	40
ohio	80.3%	18,134	85.8%	2,698	86.7%	60
florida	68.1%	19,758	75.9%	8,478	100.0%	2
for PIF with physical damage claims in past term expiring 9-10/2000 as of 2/20001						

LAE

On December 6th Virginia Beach began a process that eliminated a dispatch if a vehicle could be schedule through concierge. The process has to date resulted in the reduction of a significant number of dispatches. There is still more room to reduce dispatches as there are a number of categories of vehicles that are not yet offered repair service.

The process is facilitated by a broker call flow which allows a rep to ~~then~~ assess the claim and clear the customer prior to contacting the company, typically w/ 2 hrs of repair.

va beach	new pd features	dispatches to inspect vehicles	total dispatches	inspect dispatches per feature	total ispatches per feature		
Oct-00	574	430	572	0.7	1.0		
Nov-00	392	285	491	0.7	1.3		
Dec-00	453	253	401	0.6	0.9	dec 6 begin new process	
Jan-01	520	177	332	0.3	0.6		

Supplement rates on Progressive Repair Service estimates are less frequent and are of lower severity. There remain opportunities to reduce supplement rate. *AND improve supplement process.*

*GET this done for Clew
driveable
FL?*

	ohio		virginia	
	totalpro	concierge	totalpro	concierge
% w/o sups	27.3%	35.7%	37.8%	40.6%
% w/ >1 sup^	27.9%	21.1%	21.4%	22.8%
1st sup \$ vs ult \$	52.3%	19.6%	25.2%	17.5%
<u>days</u> original to 1st sup	20.5	16.8	22.8	11.9
estimates written 11/2000 as of 2/2001				
^ for population with at least one supplement				

Cycle Times

Time to acquire vehicles for repair continues to be significantly faster than our experience with TotalPro resulting in vehicle owners getting their cars back faster. Shop productivity is lower than TotalPro experience. Average lower severity and tighter sheets with the Progressive Repair Service drives some of this but this appears to be an area of opportunity. In all locations we see more non-driveable vehicles in the TotalPro channel than in the repair service channel. Again it appears we have an opportunity to capture more non-driveables within the repair service channel.

driveable	January-01			trail 3 months		
concierge	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
va beach	8.9	13.8	1.9	8.2	11.8	1.9
cleveland	9.4	15.2	2.4	7.1	10.5	3.2
orlando	3.4	9.2	2.2	4.2	8.6	2.6
driveable	January-01			trail 3 months		
TotalPro	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
virginia	19.0	9.9	3.7	14.7	10.5	3.4
ohio	19.6	9.9	4.3	16.9	8.8	4.3
florida	17.6	10.1	4.2	15.3	10.4	3.9

Accuracy

WSharrah looked at estimates from VA Beach that were prepared in the repair service process vs those that were prepared in our traditional process. The table below summarizes error rate by estimatic category weighted by the relative amount of time a given estimatic category comes into play in an estimate. Repair process estimates are generally better. Of particular note is the improvement in damage identification. Documentation and supplement process opportunities exist.

GET process improved @ all locations

relative differences in estimatic error rates				
	VA concierge	VA non- network	avg freq of occurance	concierge % better
Cooling/AC	0.01	0.01	2.9%	
Docum	0.02	0.04	1.8%	
Frame	0.04	0.03	3.3%	
Mech	0.00	0.01	4.3%	
Non Struct	0.07	0.12	51.5%	
Steer	ERR	ERR	0.0%	
Struct	0.01	0.02	6.5%	
Susp	0.00	0.00	1.9%	
Overall	0.11	0.17		62.5%
on non structural	VA concierge	VA non- network	avg freq of occurance	concierge % better
AA	0.00	0.00	0.00%	
Damage ID	0.02	0.11	90.12%	344.0%
Deprec	0.00	0.00	0.00%	
Parts	0.00	0.13	56.56%	ERR
Rates	0.00	0.00	63.46%	
Refinishing	0.13	0.28	86.71%	117.6%
Rep vs Repl	0.12	0.04	87.06%	-70.0%
Repair	0.12	0.11	67.57%	-3.3%
Replace	0.07	0.14	61.10%	96.1%
UPD	0.00	0.00	2.27%	
Overall	0.07	0.12		68.5%

Other

The web based management system designed to support the repair service process from referral through shop management is now in the lab test stage. This system will give us the ability to better manage on site and shop performance in real time as well as support ad hoc analysis. We plan to field test the system in Orlando in February.

- ~~Reconcile~~ ~~Field~~ working on site for Ben Salem, PA (two prospects) no operation
2 sites for Orlando, FL (3 prospects) operation out of Orlando Springs Office.
enlisting party in VA Beach, VA areas more party space.
- enlisting on 3rd test with a deep blue house Body shop as a repair network facility.
test will include the pros and cons of co-locating w/ the type of network
and how much more volume can be requested as a result of the network site.

as of 2/5/01

Referral Volume

	acquire/wk this month	acquire/wk tri 3 months	acquire/gross new this month	acquire/gross new tri 3 months
va beach	41.8		28.7%	
cleveland	31.8		6.2%	
orlando	20.6		5.4%	
total	94.2		9.1%	

Customer Service

satisfaction/ N	October-00	November-00	December-00	January-01
va beach	4.75/73	4.59/44	4.78/18	5.00/5
cleveland	4.38/40	4.31/39	4.31/85	4.43/7
orlando	----	4.67/3	4.73/11	4.80/5
total	4.62/113	4.47/86	4.42/114	4.71/17

Cycle Times

	January-01			trail 3 months		
concierge	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
va beach						
cleveland						
orlando						
total						

	January-01			trail 3 months		
TotalPro	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
virginia						
ohio						
florida						
total						

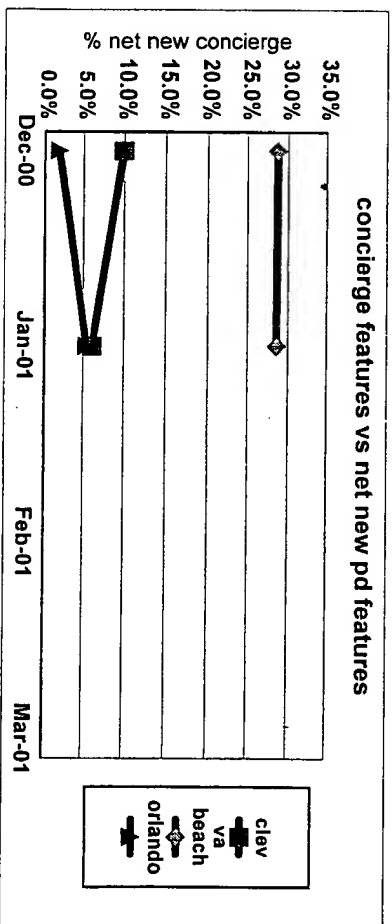
-5-

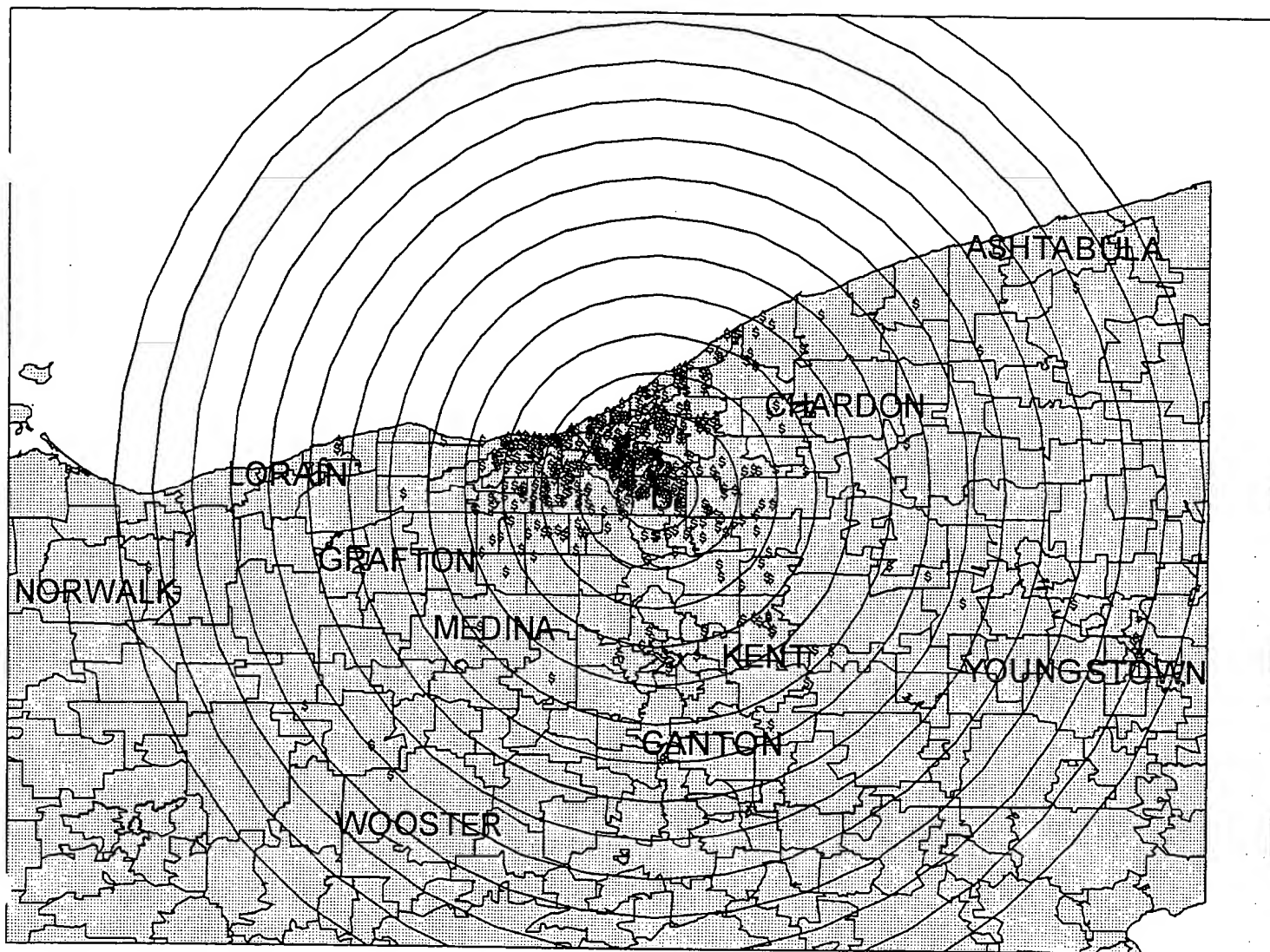
at shop events concierge
per day volume

	total	cleveland	va beach	orlando	days	cleveland	va beach	orlando
Oct-00	8.2	3.3	4.8	0.0	25	83	121	0
Nov-00	11.7	5.3	6.1	0.3	19	101	115	6
Dec-00	21.6	11.9	8.2	1.5	19	226	156	28
Jan-01	17.7	5.7	7.7	4.3	24	137	184	103
Feb-01	0.0				20			424
Mar-01	0.0				20			
Apr-01	0.0				25			
May-01	0.0				19			
Jun-01	0.0				20			

per week volumes

concierge	org	Dec-00	Jan-01	Feb-01	Mar-01
clev	32090	62.0	31.8		
va beach	32097	45.8	41.8		
orlando	webtracker	7.0	20.6		
clev east	30048	275.0	238.2		
clev west	30046	283.3	243.4		
% concierge		10.0%	6.2%		
va beach	30186	113.3	104.0		
% concierge		28.8%	28.7%		
orlando east	31128	106.3	119.4		
orlando north	30790	98.3	109.0		
orlando south	30372	77.5	76.4		
orlando west	31208	84.8	74.8		
% concierge		1.9%	5.4%		
total % concierge		10.0%	9.1%		



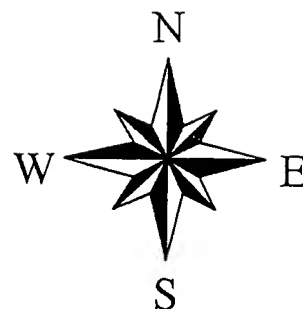


b Concierge Site (Bedford)

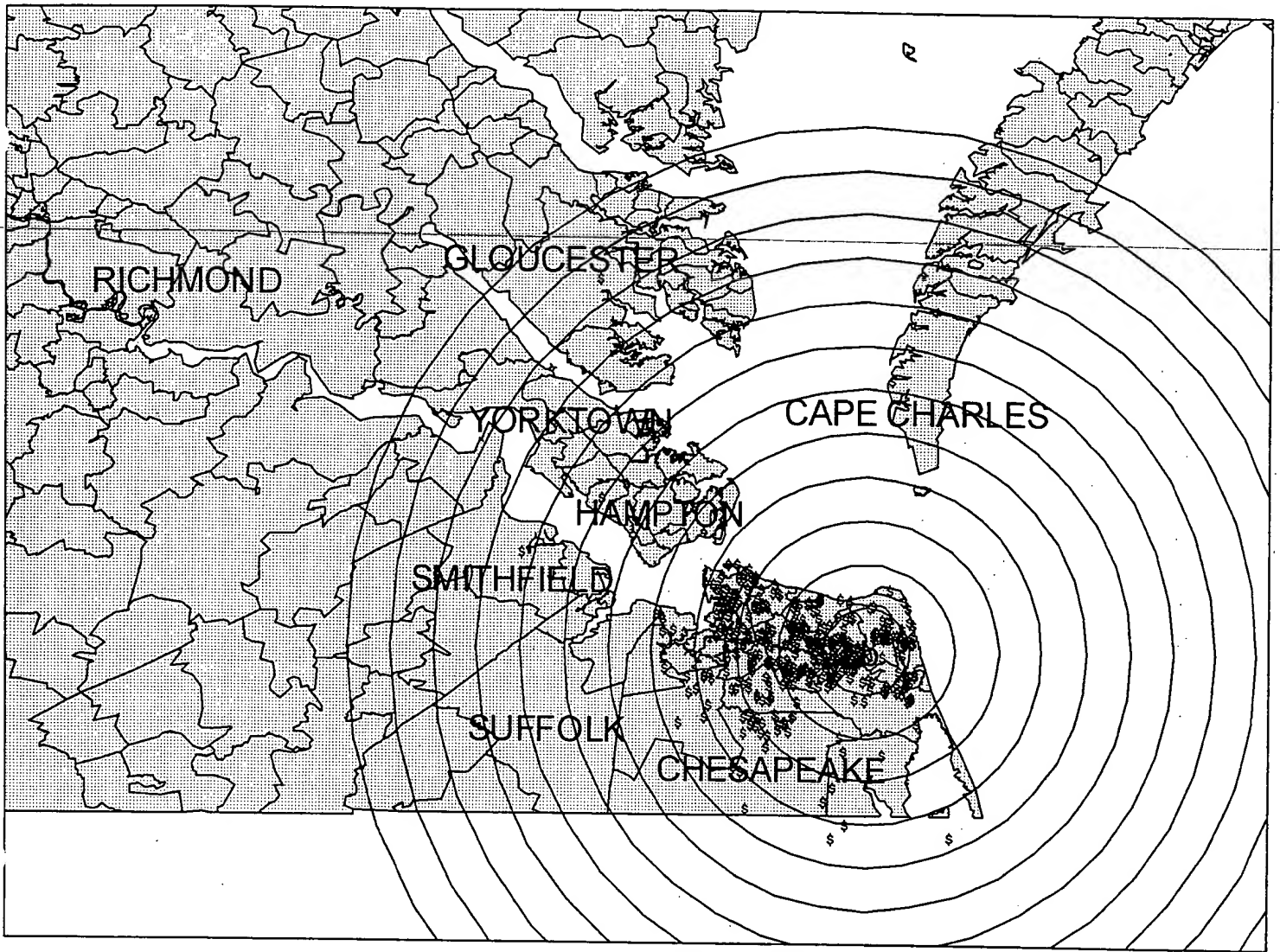
§ Customers (CWP Prop Feats, Org 32090, Feat Closed Acct Date 07/00 thru 12/00)

Radius: 5 Mile Increments

05 Miles:	18.4%;	cum 18.4%
10 Miles:	25.7%;	cum 44.1%
15 Miles:	26.5%;	cum 70.6%
20 Miles:	17.0%;	cum 87.5%
25 Miles:	06.7%;	cum 94.3%
30 Miles:	01.4%;	cum 95.7%
35 Miles:	01.8%;	cum 97.4%
40 Miles:	00.2%;	cum 97.6%
45 Miles:	00.8%;	cum 98.4%
50 Miles:	00.4%;	cum 98.8%
55 Miles:	00.4%;	cum 99.2%
60 Miles:	00.2%;	cum 99.4%
65 Miles:	00.4%;	cum 99.8%
70 Miles:	00.2%;	cum 100%
Ohio		



OH CONCIERGE

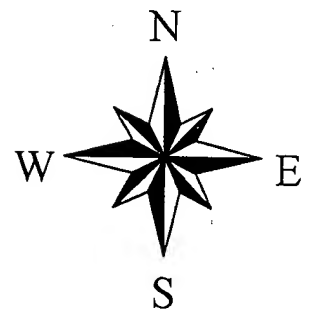


b Concierge (VA Beach)

*** Customers (CWP Prop Feats, Org 32097, Feat Closed Acct Date 07/00 thru 12/00)**

Radius: 05 Mile Incriments

	05 Miles: 27.7%; cum 27.7%
	10 Miles: 31.7%; cum 59.3%
	15 Miles: 17.8%; cum 77.1%
	20 Miles: 16.1%; cum 93.3%
	25 Miles: 04.8%; cum 98.1%
	30 Miles: 00.2%; cum 98.3%
	35 Miles: 00.6%; cum 99.0%
	40 Miles: 00.2%; cum 99.2%
	45 Miles: 00.4%; cum 99.6%
	50 Miles: 00.0%; cum 99.6%
	55 Miles: 00.4%; cum 100%
	60 Miles: 00.0%; cum 100%
	Virginia




VA CONCIERGE

To: Brian Wakefield@Progressive
cc: Amy Corbett@PROGRESSIVE, Russell Mountcastle@Progressive, Edward Ruse@PROGRESSIVE,
Steven Gellen@PROGRESSIVE
Subject: Re: Progressive Repair Service - January 2001 monthly report - *corrected report*

nice job improving the quality and having less returns. it is great to see your dispatches going down significantly. is this freeing up staffing in the branch?

there still is a considerable number of features that don't get offered PRS. Steve ran org 30186 and found 104 features per week or 520 features for january. your report indicate 248 eligible which is only 47%. assuming we delivered 149 cars, this means 28.6% of the total new feature count was delivered in the month. how can we widen the "funnel" to get more cars through PRS? Can we get the dispatch rate down to 25 per week and move the rest into PRS?

Brian Wakefield

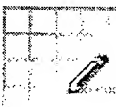
 Brian Wakefield
02/05/2001 08:39 PM

33/55
27/41
anbudo 24/37
13/19
95/152 62.5%

To: William Church, Amy Corbett, Russell Mountcastle, Edward Ruse
cc:
Subject: Re: Progressive Repair Service - January 2001 monthly report - *corrected report*

I had an error in the acceptance rate section of the previously sent report. This is the correct report. Sorry for any confusion.

Brian Wakefield

 Brian Wakefield
02/05/2001 08:29 PM

To: William Church@PROGRESSIVE, Amy Corbett@PROGRESSIVE, Russell Mountcastle@Progressive,
Edward Ruse@PROGRESSIVE
cc:
Subject: Progressive Repair Service - January 2001 monthly report

Customer Results:

1. We took in 283 features during the month of January, closing 316 features. Our open inventory was 126 (28% reduction from prior month). Feature count/day (including rental) = 11.3 *** Data taken from PACMAN workload report.

2. We put 165 cars into the shop in the month of January

There are 3 customers that have accepted the service, but have not scheduled a drop off appointment

there are 21 customers that have a drop off appointment scheduled for a later date.

Total customers accepting PRS = 189

3. We delivered 149 cars during the month of January (19% increase from prior month)

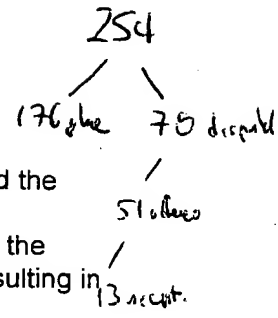
We have 50 cars still in the shop

4. Acceptance rate:

There were 254 vehicles eligible for PRS during the month of Jan. Of these 176 accepted the service over the phone resulting in no dispatch needed (69%).

Dispatches were completed on the remaining 78 eligible vehicles that did not accept over the phone. Of these 78, it was pitched a second time on 51 occasions (65% second offer rate), resulting in another 13 customer accepting the service (13% second pitch acceptance rate)

summary - was offered 227 times and was accepted 189 times (83%)



5. Dispatch Data:

We began allowing a few reps to offer the service over the phone in November. Part of the month of December we still limited the phone offering to a few reps. On December 6th, we allowed all reps to offer the service over the phone to see if a dispatch could be avoided. Below is a summary of total dispatches completed by the IR branch as well as dispatches for inspections for the IR Branch (data is for the last 4 months, the period all reps have been offering PRS)

Month	Total Dispatches	Dispatches to inspect vehicles
January	332	177 (78 eligible for PRS)
December	401	253 (124 eligible for PRS)
November	491	285 (167 eligible for PRS)
October	572	430 (223 eligible for PRS)

***Non-eligible factors: Stolen stereo/wheels, under deductible, record-only claims, liability or coverage not resolved or denied, non-qualifying vehicles (motor homes, motorcycles, tractor trailer, etc.), total losses, vehicle in non-serviceable territory (eastern shore of Va), repairs already in progress at the time of dispatch.

Body Shop Results:

1. We still have 14 shops in the repair Network. Not all of the shops are set up as both Total Pro and PRS shops. We will work on getting all shops signed up on the internet in preparation for the enhanced Webtracker roll-out.

2. We completed 102 Quality Inspections during the month of January with 8 failures (8%).

3. Referral method - still load balancing shops based on capacity and performance as determined by Network Field Rep.

Survey Results:

1. We completed 48 surveys during the month of January - results to be reported under separate cover.

Process changes:

1. We recognized that our Last Payment number has horrible as a result of the PRS reps batching their payments on repaired cars as well as rental invoices. We corrected this problem to ensure that each feature is paid at the time the work is completed and no later. This of course cleaned up a lot of our old inventory which means January's Last Payment number will still look horrible, but should improve going forward.

2. We began offering the following hours of operation: M-F 8:00 am - 7:00pm, Sat 9:00am - 5:00pm. the

addition of Saturday hours has improved our efficiency and cleaned up the parking lot a great deal as we are able to deliver a great many cars on Sat.

3. We are making use of a fenced-in storage lot that is proximate to our facility. While somewhat annoying to shuttle cars to and from the lot, it does allow us to have a much cleaner parking area on site as well as provide some additional security that was lacking.

4. The IR reps are using the total loss indicator tool. This has resulted in much fewer total losses ever making it to the PRS site (our goal).

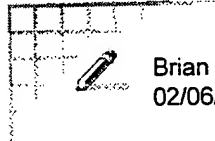
5. Have hired a second Network Field Rep - start date 2/28/01 - should allow us to do a better job of proactively managing cycle times and quality of the repairs.

Still have positions to fill for a Porter and a Customer Service/Greeter Rep.

To: Steven Gellen@PROGRESSIVE
cc:
Subject: Re: Progressive Repair Service - January 2001 monthly report - *corrected report*

fyi

Forwarded by William Church on 02/06/2001 08:53 AM



Brian Wakefield
02/06/2001 08:37 AM

To: William Church
cc: Amy Corbett, Russell Mountcastle, Edward Ruse
Subject: Re: Progressive Repair Service - January 2001 monthly report - *corrected report*

The reduced number of dispatches has freed up the staff at the IR branch as well as many of the resources needed. We feel we can get by with about 2 fewer IRVS (in fact we loaned one out to our Newport News office). Reps are in the office more.

My thoughts on getting more features into PRS:

I still think there are a great many features that do not get paid, however I see some immediate opportunity in the following areas:

1. **Motorcycles** - We may be able to identify 2-3 motorcycle shops in the area and funnel our motorcycle claims to those shops with a similar process. We Spring fast approaching, this could be a big increase in volume.

2. **Record-Only claims** - We can try to be more assertive in steering our insureds into using their first party coverage even if they were not at fault for the accident. This should provide a better experience for the insured and allow us better control of the process.

3. **Under deductible claims** - On those cars that we know will get fixed but damages are under the deductible, we can try to steer them into using our service. The challenge will be to control the customers out of pocket expense by getting agreed prices from the repair Network. We don't want to tell a customer that the repairs will cost \$275.00 and they end up costing \$450.00 (both still under the insured's 500.0 deductible but a considerably different impact on the insured's wallet).

I neglected to include one additional process improvement in my monthly report. I have established a QA program for the on site manager, Russ Mountcastle. Many of the PRS files lacked sufficient oversight resulting in mediocre file quality at best. This should improve our file quality and accuracy.

Russ will complete the following QA exercises:

1 Ride Along/week with a Network Field Rep

2 File Reviews/week (internet form) on PRS files, to include Webtracker compliance and accuracy. Feedback will be given to the file owner as well as the key PRS players involved in the file

1 CCC audit/week on PRS files

1 office process audit form (see attached) - this will be done every 2 weeks. This allows us to get a snapshot of how the office is performing in real time and identify any process breakdowns prior to "the

11/2000 estimate as of 2/2001

OH

VA

	<u>TP</u>	<u>CON</u>	<u>TP</u>	<u>CON</u>
% w/o sup	27.3/	35.7/	37.6/	40.6/
% w/ > 1 sup*	27.9/	21.1/	21.4/	22.0/
spusult†	25.3/	19.6/	25.2/	17.5/
days to 1st sup from inj.	20.5	16.8	22.8	11.9

* if at least 1 sup

† first sup.

[% Direct Highest Trans Energy]

Agency penetration vs direct penetration

		<u>VA</u>	<u>FL</u>	<u>OH</u>
JAN 01	CONCRETE	45.9/	100.0/	127.3/
	TP	44.8/	11.9/	17.9/
W/3	mingle	20.5/	225/	70.7/
	TP	32.1/	10.0/	21.9/

data from original estimates written 11/2000
as of 2/3/2001

counts	totalpro	not	totalpro	not
none	2,953	34,232	31.3%	74.1%
first	4,538	8,842	48.1%	19.1%
two	1,523	2,523	16.1%	5.5%
three+	426	609	4.5%	1.3%

total	9,440	46,206	if 1 sup %	>1	30.0%	28.2%
-------	-------	--------	------------	----	-------	-------

supplements > than \$
shop groups limited to
primary org limited to

severity of supplement

totalpro	orig sev	1st	2nd	3rd	4th	tot sup	severity	tot	1st	2nd	3rd	4th	orig vs ult	orig + 1st vs ult
1 sup	\$ 1,865	\$ 616				\$ 616	\$ 2,480		33.0%				75.2%	100.0%
2 sups	\$ 2,340	\$ 825	\$ 398			\$ 1,223	\$ 3,562		35.3%	17.0%			65.7%	88.8%
3 sups	\$ 3,070	\$ 939	\$ 492	\$ 397		\$ 1,828	\$ 4,898		30.8%	16.0%	12.9%		62.7%	81.8%

severity of supplement

vs original

not	totalpro	orig sev	1st	2nd	3rd	4th	1st	2nd	3rd	4th	orig vs ult	orig + 1st vs ult
1 sup	\$ 2,054	\$ 662				\$ 662	\$ 2,716	32.2%			75.6%	100.0%
2 sups	\$ 2,524	\$ 831	\$ 509			\$ 1,340	\$ 3,864	32.9%	20.1%		65.3%	86.8%
3 sups	\$ 2,892	\$ 930	\$ 573	\$ 410		\$ 1,913	\$ 4,805	32.2%	19.8%	14.2%	60.2%	79.5%

lag from original or prior supplement

totalpro	1st	2nd	3rd	4th
1 sup	13.9			
2 sups	13.4	16.4		
3 sups	11.0	11.8	14.4	

lag from original or prior supplement

not	totalpro	1st	2nd	3rd	4th
1 sup	15.7				
2 sups	14.9	15.4			
3 sups	11.8	11.3	14.0		

data from original estimates written 11/2000
as of 2/3/2001

state VA

supplements > than \$
shop groups limited to
primary org limited to

counts	totalpro	conclerg	totalpro	conclerg
none	105	39	37.8%	40.6%
first	136	44	48.9%	45.8%
two	29	8	10.4%	8.3%
three+	8	5	2.9%	5.2%
total	278	96	>1	21.4%
				22.8%

severity of supplement

vs original

totalpro	orig sev	1st	2nd	3rd	4th	lot sup	lot	1st	2nd	3rd	4th	orig vs ull	orig + 1st
1 sup	\$ 1,847	\$ 623				\$ 623	\$ 2,470	33.7%				74.8%	100.0%
2 sups	\$ 2,298	\$ 738	\$ 412			\$ 1,150	\$ 3,448	32.1%	17.9%			66.7%	88.1%
3 sups	\$ 2,784	\$ 376	\$ 730	\$ 450		\$ 1,557	\$ 4,340	13.5%	26.2%	16.2%		64.1%	72.8%

severity of supplement

vs original

conclerg	e	orig sev	1st	2nd	3rd	4th	1st	2nd	3rd	4th	orig vs ull	orig + 1st
1 sup	\$ 1,603	\$ 339				\$ 339	\$ 1,942	21.2%			82.5%	100.0%
2 sups	\$ 2,120	\$ 343	\$ 385			\$ 728	\$ 2,848	16.2%	18.2%		74.4%	86.5%
3 sups	\$ 4,851	\$ 561	\$ 1,223	\$ 408		\$ 2,192	\$ 7,043	11.6%	25.2%	8.4%	68.9%	76.8%

lag from original or prior supplement

totalpro	1st	2nd	3rd	4th
1 sup	22.8			
2 sups	16.2	14.6		
3 sups	4.8	7.6	10.8	

lag from original or prior supplement

conclerg	e	1st	2nd	3rd	4th
1 sup	11.9				
2 sups	17.9	10.5			
3 sups	6.8	13.0	37.0		

data from original estimates written 11/2000
as of 2/3/2001

state OH

counts	totalpro	conclerg	totalpro	conclerg
none	353	50	27.3%	35.7%
first	679	71	52.4%	50.7%
two	207	17	16.0%	12.1%
three+	56	2	4.3%	1.4%
total	1,295	140	if 1 sup % >1	27.9% 21.1%

supplements > than \$
shop groups limited to
primary org limited to

severity of supplement

vs original

totalpro	orig sev	1st	2nd	3rd	4th	lot sup amt	lot severity	1st	2nd	3rd	4th	orig vs ult orig vs ult	orig + 1st vs ult
1 sup	\$ 1,674	\$ 567				\$ 567	\$ 2,241	33.9%				74.7%	100.0%
2 sups	\$ 2,284	\$ 796	\$ 318			\$ 1,114	\$ 3,398	34.9%	13.9%			67.2%	90.6%
3 sups	\$ 3,235	\$ 1,019	\$ 488	\$ 357		\$ 1,864	\$ 5,099	31.5%	15.1%	11.0%		63.5%	83.4%

severity of supplement

vs original

conclerg	orig sev	1st	2nd	3rd	4th	lot sup amt	lot severity	1st	2nd	3rd	4th	orig vs ult orig vs ult	orig + 1st vs ult
1 sup	\$ 1,592	\$ 387				\$ 387	\$ 1,979	24.3%				80.4%	100.0%
2 sups	\$ 1,733	\$ 312	\$ 283			\$ 596	\$ 2,328	18.0%	16.4%			74.4%	87.8%
3 sups	\$ 948	\$ 1,008	\$ 1,160	\$ 451		\$ 2,619	\$ 3,567	106.4%	122.4%	47.6%		26.6%	54.8%

lag from original or prior supplement

totalpro	1st	2nd	3rd	4th
1 sup	20.5			
2 sups	11.7	13.9		
3 sups	9.1	9.8	13.4	

lag from original or prior supplement

conclerg	orig sev	1st	2nd	3rd	4th
1 sup	16.8				
2 sups	9.4	18.7			
3 sups	4.0	8.5	6.5		

date	state	adipen	ip	adipen	con	dir	adipen	con	unkn	adipen	con	totalipen	%adipen	%dir	%unkn
199907	fl	8.5%	9.2%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	0.0%	76.9%	16.1%	7.0%	
199908	fl	8.7%	11.1%	7.8%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	0.0%	76.2%	16.6%	7.2%	
199909	fl	11.8%	14.3%	11.6%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%	0.0%	76.1%	16.4%	7.5%	
199910	fl	15.1%	16.2%	17.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.4%	0.0%	75.0%	17.6%	7.4%	
199911	fl	18.0%	19.1%	17.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.1%	0.0%	73.8%	18.2%	8.0%	
199912	fl	20.2%	21.3%	23.1%	0.0%	0.0%	0.0%	0.0%	0.0%	20.6%	0.0%	73.2%	18.7%	8.1%	
200001	fl	20.4%	23.3%	23.3%	0.0%	0.0%	0.0%	0.0%	0.0%	21.2%	0.0%	72.5%	19.2%	8.3%	
200002	fl	21.6%	22.5%	22.8%	0.0%	0.0%	0.0%	0.0%	0.0%	21.8%	0.0%	72.7%	18.4%	9.0%	
200003	fl	21.1%	22.8%	21.1%	0.0%	0.0%	0.0%	0.0%	0.0%	21.4%	0.0%	71.8%	19.1%	9.2%	
200004	fl	21.9%	22.3%	22.8%	0.0%	0.0%	0.0%	0.0%	0.0%	22.0%	0.0%	71.5%	18.7%	9.8%	
200005	fl	21.1%	23.9%	21.4%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	0.0%	69.9%	20.1%	10.1%	
200006	fl	22.1%	22.6%	23.3%	0.0%	0.0%	0.0%	0.0%	0.0%	22.3%	0.0%	70.7%	19.3%	10.1%	
200007	fl	22.1%	24.4%	21.7%	0.0%	0.0%	0.0%	0.0%	0.0%	22.5%	0.0%	70.4%	19.8%	9.9%	
200008	fl	21.7%	23.0%	22.3%	0.0%	0.0%	0.0%	0.0%	0.0%	22.0%	0.0%	69.7%	20.0%	10.3%	
200009	fl	21.3%	22.6%	22.3%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	0.0%	69.6%	21.1%	9.3%	
200010	fl	20.4%	21.3%	21.3%	0.0%	0.0%	0.0%	0.0%	0.0%	20.7%	0.0%	68.6%	21.2%	10.2%	
200011	fl	21.3%	23.5%	22.8%	0.0%	0.2%	0.0%	0.0%	0.0%	22.0%	0.0%	67.8%	22.1%	10.1%	
200012	fl	22.1%	23.9%	22.3%	0.1%	0.5%	0.1%	0.2%	0.2%	22.7%	0.0%	65.9%	23.1%	11.0%	
200101	fl	18.4%	20.6%	18.5%	0.3%	0.6%	0.3%	0.9%	0.9%	19.4%	0.0%	66.8%	22.1%	11.1%	
200102	fl														

171

date	state	adipen ip	diffpen ip	unkn pen ip	adipen con	diffpen con	unkn pen con	total pen	% act	% dif	% unk
199907	va	0.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.5%	72.6%	15.5%	11.9%
199908	va	0.8%	1.5%	0.7%	0.0%	0.0%	0.0%	0.9%	71.9%	14.9%	13.2%
199909	va	1.0%	1.0%	0.8%	0.0%	0.0%	0.0%	0.9%	71.3%	17.4%	11.3%
199910	va	1.7%	1.1%	0.5%	0.0%	0.0%	0.0%	1.4%	70.2%	17.5%	12.3%
199911	va	1.5%	1.4%	0.7%	0.0%	0.0%	0.0%	1.4%	68.5%	19.7%	11.8%
199912	va	1.5%	3.9%	2.5%	0.0%	0.0%	0.0%	2.1%	68.7%	20.3%	11.0%
200001	va	4.0%	2.9%	3.2%	0.0%	0.0%	0.0%	3.6%	66.9%	20.0%	13.0%
200002	va	3.8%	5.2%	4.8%	0.0%	0.0%	0.0%	4.3%	66.1%	21.6%	12.3%
200003	va	4.6%	6.6%	6.7%	0.0%	0.0%	0.0%	5.3%	67.3%	20.2%	12.5%
200004	va	5.3%	6.3%	8.0%	0.0%	0.0%	0.0%	5.9%	64.5%	22.5%	13.0%
200005	va	5.8%	8.1%	6.8%	0.0%	0.0%	0.0%	6.5%	61.9%	24.4%	13.7%
200006	va	7.0%	12.4%	7.9%	0.3%	0.4%	0.0%	8.7%	62.3%	24.1%	13.6%
200007	va	5.9%	8.7%	8.8%	0.3%	0.1%	0.0%	7.1%	63.1%	23.7%	13.2%
200008	va	7.0%	10.6%	7.9%	0.3%	0.1%	0.6%	8.3%	61.3%	23.3%	15.4%
200009	va	9.2%	13.8%	15.1%	0.3%	0.4%	0.0%	11.4%	60.9%	26.1%	13.1%
200010	va	11.4%	12.4%	14.3%	1.5%	2.8%	3.6%	14.2%	59.5%	26.1%	14.4%
200011	va	12.2%	14.8%	15.6%	2.1%	3.1%	1.9%	15.7%	60.1%	26.5%	13.4%
200012	va	12.1%	16.2%	15.1%	3.0%	2.1%	3.9%	16.5%	60.4%	25.1%	14.5%
200101	va	8.7%	12.6%	12.3%	3.7%	5.4%	2.6%	14.3%	57.9%	27.7%	14.5%
200102	va										

Acquisition Report**Selection 1**

FACILITY GROUP: CONCIERGE

Coverage All
 Drivable Indicator All
 Severity 0 to: 999999999
 Time Period 200101 to: 200101
 Perspective —

Selection 2

FACILITY GROUP: CONCIERGE

All
 All
 0 to: 999999999
 200001 to: 200012
 —

Acquisition	Selection Criteria 1		Selection Criteria 2		Variance 1 vs 2	
	Number	Rate	Number	Rate	Number	Rate
<u>Number of Shops</u>	38	—	51	—	(13)	—
<u>Incurred Vehicles</u>	n/a	—	n/a	—	n/a	—
<u>Filtered Vehicles</u>	n/a	n/a	n/a	n/a	n/a	n/a
<u>Incurred Available for Referral</u>	n/a	—	n/a	—	n/a	—
<u>Referred Vehicles Gross</u>	0	—	1	—	(1)	—
<u>Filtered Vehicles</u>	0	n/a	0	0.00%	0	n/a
<u>Referred Vehicles Net</u>	0	n/a	1	n/a	(1)	n/a
<u>Gross Referral Acquired</u>	339	n/a	1,379	137,900.00%	(1,040)	n/a
<u>Acquired Not Repaired</u>	2	0.59%	6	0.44%	(4)	0.15%
<u>Acquired Vehicles Net</u>	337	n/a	1,373	137,300.00%	(1,036)	n/a
<u>Target Acquisitions</u>	700	207.72%	4,214	306.92%	(3,514)	(99.20%)
<u>Net Acquired Vehicles/Shop/Week (avg)</u>	1.77	—	0.52	—	1.25	—

[Select Different Search Criteria](#)
[back to](#)
[main menu](#)

Copyright © 1995-2000 The Progressive Corporation. All Rights Reserved.
[Terms & Conditions](#), [Privacy Policy](#)

-20-

Vehicle Event Lag Report

Vehicle Event Lag Report for CONCIERGE as of 2/5/01 7:31:59 AM EST



[Click Here For Printing Instructions](#)

Facility	Event Type	Time Period	Average Lag Days	Maximum Lag Days	Number of Events	Number of Events With Lag	Percent of Events With Lag
<u>CONCIERGE</u>	AT SHOP	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	1.43	20	<u>424</u>	213	50.24%
		<u>Two Months Ago</u>	4.04	45	<u>410</u>	280	68.29%
		<u>Last Six Months</u>	2.59	50	<u>1522</u>	738	48.49%
	DELIVERED TO CUSTOMER	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	1.82	30	<u>385</u>	193	50.13%
		<u>Two Months Ago</u>	5.18	54	<u>281</u>	160	56.94%
		<u>Last Six Months</u>	3.67	131	<u>1204</u>	529	43.94%
	REFERRAL ACCEPTED	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	-	-	0	-	-
		<u>Two Months Ago</u>	-	-	0	-	-
		<u>Last Six Months</u>	0.00	0	<u>1</u>	0	0.00%
	REFERRED	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	-	-	0	-	-
		<u>Two Months Ago</u>	-	-	0	-	-
		<u>Last Six Months</u>	0.00	0	<u>1</u>	0	0.00%
	REPAIR CANCELED	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	8.33	20	<u>3</u>	2	66.67%
		<u>Two Months Ago</u>	9.50	19	<u>2</u>	1	50.00%
		<u>Last Six Months</u>	5.50	20	<u>8</u>	3	37.50%
	REPAIR COMPLETED	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	1.53	29	<u>403</u>	248	61.54%

-21-

<u>Two Months Ago</u>	4.95	55	<u>319</u>	182	57.05%
<u>Last Six Months</u>	2.80	111	<u>1289</u>	629	48.80%

Select Different Search Criteria

back to 
main menu

Copyright © 1995-2000 The Progressive Corporation. All Rights Reserved.
[Terms & Conditions](#), [Privacy Policy](#)

-22-

Vehicle Event Lag Report

Vehicle Event Lag Report for CONCIERGE-CLEVELAND
as of 2/5/01 7:32:17 AM EST[Click Here For Printing Instructions](#)

Facility	Event Type	Time Period	Average Lag Days	Maximum Lag Days	Number of Events	Number of Events With Lag	Percent of Events With Lag
CONCIERGE-CLEVELAND	AT SHOP	Month To Date	-	-	0	-	-
		One Month Ago	1.32	14	137	82	59.85%
		Two Months Ago	5.27	45	226	189	83.63%
		Last Six Months	3.22	50	707	415	58.70%
	DELIVERED TO CUSTOMER	Month To Date	-	-	0	-	-
		One Month Ago	2.34	30	143	45	31.47%
		Two Months Ago	6.88	54	138	75	54.35%
		Last Six Months	4.88	131	534	193	36.14%
	REPAIR CANCELED	Month To Date	-	-	0	-	-
		One Month Ago	-	-	0	-	-
		Two Months Ago	-	-	0	-	-
		Last Six Months	0.00	0	2	0	0.00%
	REPAIR COMPLETED	Month To Date	-	-	0	-	-
		One Month Ago	1.76	29	143	78	54.55%
		Two Months Ago	7.51	55	156	118	75.64%
		Last Six Months	3.80	111	577	299	51.82%

Select Different Search Criteria

[back to](#)
[main menu](#)

-23-

Vehicle Event Lag Report

Vehicle Event Lag Report for CONCIERGE-ORLANDO
as of 2/5/01 7:32:29 AM EST[Click Here For Printing Instructions](#)

Facility	Event Type	Time Period	Average Lag Days	Maximum Lag Days	Number of Events	Number of Events With Lag	Percent of Events With Lag
<u>CONCIERGE-ORLANDO</u>	AT SHOP	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	1.70	20	<u>103</u>	39	37.86%
		<u>Two Months Ago</u>	1.14	6	<u>28</u>	14	50.00%
		<u>Last Six Months</u>	1.60	20	<u>137</u>	56	40.88%
	DELIVERED TO CUSTOMER	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	1.19	15	<u>63</u>	27	42.86%
		<u>Two Months Ago</u>	5.47	41	<u>17</u>	8	47.06%
		<u>Last Six Months</u>	2.04	41	<u>83</u>	36	43.37%
	REPAIR COMPLETED	<u>Month To Date</u>	-	-	0	-	-
		<u>One Month Ago</u>	0.97	15	<u>75</u>	35	46.67%
		<u>Two Months Ago</u>	4.19	41	<u>21</u>	8	38.10%
		<u>Last Six Months</u>	1.64	41	<u>99</u>	44	44.44%

[Select Different Search Criteria](#)[back to](#)
[main menu](#)Copyright © 1995-2000 The Progressive Corporation. All Rights Reserved.
[Terms & Conditions](#), [Privacy Policy](#)

-24-

Vehicle Event Lag Report

Vehicle Event Lag Report for VIRGINIA CONCIERGE
as of 2/5/01 7:32:48 AM EST[Click Here For Printing Instructions](#)

Facility	Event Type	Time Period	Average Lag Days	Maximum Lag Days	Number of Events	Number of Events With Lag	Percent of Events With Lag
VIRGINIA CONCIERGE	AT SHOP	Month To Date	-	-	0	-	-
		One Month Ago	1.35	20	184	92	50.00%
		Two Months Ago	2.78	40	156	77	49.36%
		Last Six Months	1.64	40	652	243	37.27%
	DELIVERED TO CUSTOMER	Month To Date	-	-	0	-	-
		One Month Ago	1.62	24	179	121	67.60%
		Two Months Ago	3.28	38	125	76	60.80%
		Last Six Months	2.28	50	558	276	49.46%
	REFERRAL ACCEPTED	Month To Date	-	-	0	-	-
		One Month Ago	-	-	0	-	-
		Two Months Ago	-	-	0	-	-
		Last Six Months	0.00	0	1	0	0.00%
	REFERRED	Month To Date	-	-	0	-	-
		One Month Ago	-	-	0	-	-
		Two Months Ago	-	-	0	-	-
		Last Six Months	0.00	0	1	0	0.00%
	REPAIR CANCELED	Month To Date	-	-	0	-	-
		One Month Ago	8.33	20	3	2	66.67%
		Two Months Ago	9.50	19	2	1	50.00%
		Last Six Months	7.33	20	6	3	50.00%
	REPAIR COMPLETED	Month To Date	-	-	0	-	-
		One Month Ago	1.58	25	185	135	72.97%

- 25 -

<u>Two Months Ago</u>	2.25	31	<u>142</u>	56	39.44%
<u>Last Six Months</u>	1.46	33	<u>584</u>	262	44.86%

Select Different Search Criteria

back to
main menu

Copyright © 1995-2000 The Progressive Corporation. All Rights Reserved.
[Terms & Conditions](#), [Privacy Policy](#)

- 26 -

as of 2/1/01

state va
date

0100-0200

0300-0400B0500-0600

0700

first party				injury rate				atty rep rate				avg injury severity				population counts				pd severity distribution			
pd severity layer				other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge	
0	500	2.5%	9.1%	0.0%	31.1%	28.6%	ERR	1.62	2.14	ERR	5	2,981	77	5	28.8%	17.4%	29.4%	28.8%	17.4%	29.4%	28.8%	17.4%	29.4%
501	1,000	2.2%	0.0%	0.0%	42.9%	ERR	ERR	2.41	ERR	ERR	6	2,223	89	6	21.5%	20.1%	35.3%	21.5%	20.1%	35.3%	21.5%	20.1%	35.3%
1,001	2,000	5.2%	0.6%	0.0%	35.3%	100.0%	ERR	2.77	3.00	ERR	2	2,961	155	2	28.6%	35.0%	11.8%	28.6%	35.0%	11.8%	28.6%	35.0%	11.8%
2,001	4,000	9.3%	2.4%	0.0%	24.4%	100.0%	ERR	2.81	3.00	ERR	1	924	41	1	8.9%	9.3%	5.9%	8.9%	9.3%	5.9%	8.9%	9.3%	5.9%
4,001	6,000	20.3%	3.7%	ERR	35.9%	100.0%	ERR	3.09	2.00	ERR	0	454	27	0	4.4%	6.1%	0.0%	4.4%	6.1%	0.0%	4.4%	6.1%	0.0%
6,001	10,000	15.7%	13.2%	33.3%	18.7%	0.0%	ERR	2.74	2.40	1.00	3	581	38	3	5.6%	8.6%	17.6%	5.6%	8.6%	17.6%	5.6%	8.6%	17.6%
>10K	>10K	31.4%	12.5%	ERR	31.1%	0.0%	ERR	2.86	1.00	ERR	0	236	16	0	2.3%	3.6%	0.0%	2.3%	3.6%	0.0%	2.3%	3.6%	0.0%
total		6.0%	3.8%	5.9%	31.0%	29.4%	ERR				17	10,360	443	17									

third party				injury rate				atty rep rate				avg injury severity				population counts				pd severity distribution			
pd severity layer				other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge		other	totalpro	conclerge	
0	500	16.5%	35.7%	0.0%	17.9%	35.0%	ERR	2.07	0.30	ERR	2	1,872	56	2	25.3%	22.0%	15.4%	25.3%	22.0%	15.4%	25.3%	22.0%	15.4%
501	1,000	17.6%	12.5%	0.0%	23.9%	20.0%	ERR	2.46	1.00	ERR	5	1,759	40	5	23.8%	15.7%	38.5%	23.8%	15.7%	38.5%	23.8%	15.7%	38.5%
1,001	2,000	28.9%	28.6%	0.0%	30.8%	23.3%	ERR	3.07	1.83	ERR	4	2,181	105	4	29.5%	41.3%	30.8%	29.5%	41.3%	30.8%	29.5%	41.3%	30.8%
2,001	4,000	48.1%	47.6%	0.0%	40.8%	20.0%	ERR	2.99	0.80	ERR	1	713	21	1	9.7%	8.3%	7.7%	9.7%	8.3%	7.7%	9.7%	8.3%	7.7%
4,001	6,000	49.7%	66.7%	0.0%	39.7%	40.0%	ERR	3.30	1.10	ERR	1	304	15	1	4.1%	5.9%	7.7%	4.1%	5.9%	7.7%	4.1%	5.9%	7.7%
6,001	10,000	65.4%	75.0%	ERR	36.9%	22.2%	ERR	3.38	2.78	ERR	0	402	12	0	5.4%	4.7%	0.0%	5.4%	4.7%	0.0%	5.4%	4.7%	0.0%
>10K		76.1%	60.0%	ERR	55.1%	0.0%	ERR	3.13	2.00	ERR	0	155	5	0	2.1%	2.0%	0.0%	2.1%	2.0%	0.0%	2.1%	2.0%	0.0%
total		28.7%	34.3%	0.0%	32.3%	26.4%	ERR				13	7,386	254	13									

as of 2/1/01

state oh
date 0100-0200 0300-0400E0500-0600 0700

first party		injury rate			atty rep rate			avg injury severity			population counts			pd severity distribution		
pd severity layer	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	
0	3.0%	3.8%	0.0%	27.5%	50.0%	ERR	2.50	1.33	ERR	6,296	312	3	24.9%	16.4%	17.6%	
501	3.4%	5.6%	0.0%	29.9%	42.9%	ERR	2.63	1.05	ERR	5,139	373	4	20.3%	19.6%	23.5%	
1,001	4.8%	6.1%	0.0%	20.4%	42.9%	ERR	2.60	3.95	ERR	7,390	684	7	29.2%	35.9%	41.2%	
2,001	9.8%	10.2%	0.0%	18.4%	13.6%	ERR	2.14	2.55	ERR	2,890	216	2	11.4%	11.3%	11.8%	
4,001	12.7%	16.0%	ERR	25.1%	45.0%	ERR	2.54	2.40	ERR	1,347	125	0	5.3%	6.6%	0.0%	
6,001	23.2%	15.0%	0.0%	23.3%	29.2%	ERR	2.65	3.00	ERR	1,649	160	1	6.5%	8.4%	5.9%	
>10K	38.4%	38.9%	ERR	31.7%	14.3%	ERR	2.68	3.93	ERR	591	36	0	2.3%	1.9%	0.0%	
total	7.0%	8.1%	0.0%	24.3%	34.8%	ERR				25,302	1,906	17				

(none & none)

third party		injury rate			atty rep rate			avg injury severity			population counts			pd severity distribution		
pd severity layer	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	
0	18.2%	28.2%	0.0%	29.6%	36.8%	ERR	2.68	0.82	ERR	4,411	202	1	21.2%	18.1%	16.7%	
501	17.7%	17.0%	ERR	27.3%	18.2%	ERR	2.87	1.75	ERR	5,313	259	0	25.5%	23.2%	0.0%	
1,001	22.5%	21.0%	25.0%	28.3%	23.3%	100.0%	3.19	2.85	6.00	6,710	410	4	32.2%	36.7%	66.7%	
2,001	39.5%	28.7%	0.0%	33.8%	31.0%	ERR	3.11	3.62	ERR	2,114	101	1	10.1%	9.1%	16.7%	
4,001	51.6%	43.9%	ERR	37.9%	20.0%	ERR	3.26	2.92	ERR	910	57	0	4.4%	5.1%	0.0%	
6,001	57.3%	16.2%	ERR	38.4%	27.3%	ERR	3.64	3.64	ERR	1,140	68	0	5.5%	6.1%	0.0%	
>10K	62.9%	36.8%	ERR	45.9%	28.6%	ERR	3.36	2.71	ERR	232	19	0	1.1%	1.7%	0.0%	
total	25.7%	23.2%	16.7%	31.8%	26.3%	100.0%				20,830	1,116	6				

-28-

Highlights

Hired a second PRS Specialist, Ed DiBenedetto.

Added 6 shops into the network of shops repairing PRS jobs, bringing the total number of these shops to 10. We are continuing to add shops from the list of Altamonte and Orlando TotalPro network shops.

Completed PRS Referral Training for all reps in Altamonte and Orlando East.

Scaled up the volume to 4.3 new/day for the month.

Attended PRS/TotalPro Alignment Meeting in Cleveland, January 9.

Continued site searches for two Orlando PRS central sites. For the north location, the O'Brien site turned out this month to be unworkable due a situation of insufficient parking that developed this month. Two additional possible locations were identified. For the south location, we have signed an "intent to lease" for a property on S. Orange Ave and are proceeding with lease negotiations there.

Results

Our main focus this month was to increase the number of referrals into the program. Our approach was to conduct referral training for all reps in Altamonte and Orlando East in team and office meetings, combined with regular reporting to the branches about referral activity. Our database shows we offered PRS 169 times in January (up from 37 last month), 94 times to insureds and 75 times to claimants, broken down by rep and office as follows:

Altamonte Offering Rep	Total Offers	Number Accepted	Orlando Offering Rep	Total Offers	Number Acce
Kelly Buster	16	12	Luz Colon	11	9
Mark Loges	15	11	Mark Hunter	14	5
Aaron Field	14	8	Cheryl Svetz	5	5
Valerie Hames	13	8	Heather Fitzgerald	5	4
Bob Brownrigg	7	5	Brent Wood	13	3
Michael Jones	6	5	Liza Amurao	4	3
Yvette Hughes	6	5	Sandy Ferrer	4	2
John LaBombard	5	3	Trevor Davis	3	2
Kim Hanner	4	3	Honz Keclik	1	1
Kim O'Melia	2	1	Paul Jones	1	1
Brad Houston	6	1			
Russ Montgomery	3	1			
Hector Figueroa	2	1			
Kathy Wallace	2	1			
Kathy Whitten	1	1			
Mark Gilmore	1	1			
Bill Pierce	1	1			
Dean Wisser	2	1			

VA - higher quality hits

(T DANCE)
- [work address/home address]
- accept by phone or here
- email direct
- dispatch DB?
506-7038
5506003 Bruce Butler

Kara Young 1

Total Altamonte 108

69

Total Orlando E. 61

35

The offer acceptance rate was 66.9%, with 113 customers accepting. Of these customers, we serviced about an equal number of insureds (58) and claimants (55).

This month 72 cars were completely repaired, and 40 remained "at shop."

Our post-repair inspection failure rate was 4.2%, with 3 of the 72 repaired cars failing the post-repair inspection. Twice the failure reason was for a paint issue. Once was for an issue with water in the trunk.

Volume	All Altamonte PRS Network	ICD	Collision Services of Longwood	Collision Services of Apopka	Courtesy Auto Plaza	Auto Nation Chrysl	Auto Body Rebuilders	All County Collision	Massey Cadillac	Prestige Ford	Toyota of Longwood	Out-o rk Sho
New PD Features (not incl rental)	104	59	17	2	8	3	2	1	2	3	4	
New/Day	4.33	2.46	0.78	0.08	0.33	0.13	0.08	0.04	0.08	0.13	0.17	
At Shop	40	19	8	2	4	3	2		1	1		
Repaired PD Features (not incl rental)	72	45	11	1	6			1	1	2	4	
Failed Quality Inspection	3		1		1						1	
Failure Rate					16.67%						25%	
No Supplement	47	33	5		4	na	na	1	1		2	na
No Suppl %	65.3%	73.3%	45.5%		66.7%	na	na	100%	100%		50%	na
Average Final Repair Est	\$1,414											
Med Report to Arrival	2											
Med Arrival to Delivery	7											
Ave Labor Hrs per Shop Day	1.8											
Med Hrs to Last Pay	284											

Customer Surveys

We called 59 customers and completed 19 surveys. For the second month in a row, 100% were completely satisfied with repairs. On a scale of 1 - 5, with 5 being the best, the results of the other questions are outlined in the following chart:

	1	2	3	4	5
Quality of Repairs			1 - (5%)	7 - (37%)	11 - (58%)

Timeliness of Repairs	3 - (16%)	8 - (42%)	8 - (42%)
Overall Progressive Claims Service		5 - (26%)	14 - (74%)

February Initiatives/Priorities/Action Plans

Better Defining Our Process. Now that referrals are at the point where Mark and Kim are fully devoted to their PRS responsibilities, we want to better define our process and work out any bugs to perfect the process, rather than continue scaling it up. We would rather have an excellent, clean, well-defined process handling 4 - 5/day in February than scale up a process that is only OK or mediocre. There are opportunities to better define the workflow of the physical files and the cars through the process. Doing so will help us work more efficiently, will better organize the work area, will better allow a substitute to fill in for a PRS employee, and will serve as the basis for developing a playbook for outlining the process for future locations.

Diagnostic Review. We will conduct a diagnostic review in February of the PRS process in Orlando. This will take place February 14th and 15th in Altamonte Springs and will be attended by Bill Church, Steve Gellen, Craig Edmonds, and Drew Walston in addition to local resources.

Real Estate. Bill Church is now spearheading the process of new site selection, acquisition, and preparation. We should learn in February when a realistic move-in date might be for the South Orlando new site. For the north side of Orlando, the new site selection continues. Thad Burdette is researching the parking issue in Orlando East to see if this hurdle is one that we can overcome to set up a temporary PRS location at that branch.

Staffing. We will continue to identify staffing for future PRS need. Currently, we have two reqs open -- one for an additional PRS Specialist Rep and one for an additional CRS. Any additional staffing identified in February will be initially trained in Altamonte Springs prior to replicating the current process in another claim branch.

Steven Gellen
03/11/2001 02:22 PM

To: brian passell, glenn renwick
cc: William Church@PROGRESSIVE, Brian Frey@PROGRESSIVE, Brian Wakefield@Progressive, Tom Dance@PROGRESSIVE, Craig Edmonds
Subject: February 2001 Concierge Report

Volume

Volume at the Virginia Beach facility ticked up this month to 31.5% of all physical damage features. Virginia Beach represents an ideal market for Concierge, it has relatively high market share and high geographic market concentration. Based on garaging address and place of employment phone number (available on 32% of features) we can estimate that 88% of all physical damage features are within 20 miles of our Concierge location. (55% are within 10 miles) In this market, at distances of up to 20 miles there appears to be no relationship between acquisition rate and distance from our facility. (see chart below) We have anecdotal evidence that we may be repairing some vehicles that but for our service would not have been repaired. We need to continue to deliver a script that makes sure customers understand that they are under no obligation to have their vehicles repaired if they have on lien holder

miles from facility	acquisition rate
0-5	53.5%
5-10	50.6%
10-15	60.7%
15-20	57.5%
20-25	47.1%
25+	21.7%
ALL	51.0%
va beach for acq - jan 2001	

Volume at the Cleveland grew consistent with a plan developed to get them to 20-30 vehicles per day over the next 2-3 months. Orlando volume is steady and consistent with constraints created by not having a facility to work from.

	acquire/wk this month	acquire/wk tri 3 months	acquire/gross new this month	acquire/gross new tri 3 months
va beach	45.8	44.2	31.5%	29.5%
cleveland	39.3	43.4	9.9%	8.5%
orlando	22.3	16.9	5.4%	4.4%
total	107.4	104.5	11.2%	10.0%
orlando numbers are estimates				

Acceptance rates continue to be biased by policy distribution channel. Agent business under performs direct business. The table below shows the percentage by which direct business exceeds the performance of agent business with respect to penetration into our network repair services. Penetration is measured as in network physical damage features relative to all physical damage features.

EXHIBIT

tabler

B

- 1 -

direct vs agent channel penetration		
concierge	February-01	trail 3 months
virginia	78.9%	37.5%
ohio	61.7%	68.3%
florida	31.1%	96.4%
TotalPro	February-01	trail 3 months
virginia	23.2%	31.1%
ohio	14.9%	18.2%
florida	11.8%	10.2%

Customer Satisfaction

The table below reflects feedback on the overall claims process by repair service customers. A score of 4.0 translates to exceeded expectations, 5.0 significantly exceeded expectations.

satisfaction/N	November-00	December-00	January-01	February-01	per repair complete jan
va beach	4.59/44	4.68/25	4.71/21	----	0.11
cleveland	4.43/79	4.22/108	4.55/38	4.18/11	0.21
orlando	4.67/3	4.77/13	4.57/14	----	0.19
total	4.49/126	4.35/146	4.55/73	4.18/11	0.17

Renewal data is very thin. The data below looks at PIF's at the beginning of a term and compares them to what remains after the renewal offer. Only PIF's that had a physical damage claim during the term and that expired 9-11/2000 are included in the data.

	non-network		totalpro		concierge	
	renewal rate	pifs expiring	renewal rate	pifs expiring	renewal rate	pifs expiring
virginia	71.4%	8,980	77.9%	734	75.0%	64
ohio	79.9%	23,750	85.4%	3,656	84.4%	102
florida	69.1%	24,780	75.8%	10,632	100.0%	2

LAE

On December 6th Virginia Beach began a process that eliminated a dispatch if a vehicle could be schedule through concierge. The process has to date resulted in the reduction of a significant number of dispatches. There is still more room to reduce dispatches as there are a number of categories of vehicles that are not yet offered repair service. The process is facilitated by new loss broken call flow which allows a claims rep to assess a claim and clear CVQ's prior to contacting the claiming party, typically within 2 hours of the initial report,

	new pd features	dispatches to inspect vehicles	total dispatches	inspect dispatches per feature	total dispatches per feature		
va beach							
Oct-00	574	430	572	0.7	1.0		
Nov-00	392	285	491	0.7	1.3		
Dec-00	453	253	401	0.6	0.9	dec 6 begin new process	
Jan-01	520	177	332	0.3	0.6		
Feb-01	398	181	275	0.5	0.7		

Supplement rates on Progressive Repair Service estimates are less frequent and are of lower severity. Results are modestly better than those reported last month. There remain opportunities to reduce supplement rate and improve supplement process.

	ohio		virginia	
	totalpro	concierge	totalpro	concierge
% w/o sups	25.3%	37.3%	44.1%	41.6%
% w/ >1 sup^	29.4%	29.8%	26.9%	22.2%
sup \$ vs ult \$	28.4%	19.7%	27.2%	15.4%
ays original to 1st sup	20.6	14.9	21.9	16.9
estimates w ritten 11/2000 as of 2/2001				
^ for population with at least one supplement				

Cycle Times

Time to acquire vehicles for repair continues to be significantly faster than our experience with TotalPro resulting in vehicle owners getting their cars back faster. Shop productivity is lower than TotalPro experience but improved vs performance reported last month.

driveable	February-01			trail 3 months		
	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
concierge						
va beach	6.9	9.5	2.0	8.0	11.7	1.9
cleveland	8.9	9.5	3.3	7.4	11.2	3.1
orlando	5.7	10.2	2.2	4.8	9.3	2.4
driveable	February-01			trail 3 months		
	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
TotalPro						
virginia	17.3	9.0	3.8	18.8	10.1	3.6
ohio	21.5	8.5	4.4	19.4	9.0	4.5
florida	19.4	10.1	4.3	17.7	10.2	4.2

Accuracy

A diagnostic review was performed on Orlando Concierge files. The review was not limited to the Concierge elements of the files but included all aspects of handling. Files averaged a score of 2.64 with 41% of files rated at standard or better and 9% at 2.0 or less. Opportunity areas included;

- opportunities to improve in shop cycle time
- better rental control as a result of shop cycle time opportunities and not getting customers back in their repaired vehicle promptly upon repair completion
- estimatic issues concerning part utilization and judgment times

Given the concentration of business through Concierge and the limited number of staff that handles these features the complexity of implementing fixes to address the opportunities is significantly lower than it might have been in our traditional process.

Other

The web based management system designed to support the repair service process from referral through shop management was put in place in Orlando. Early feedback is favorable. It will be

-3-

implemented in VA Beach and Cleveland in March and Philadelphia will open with the system in place.

We have a mid-March go, no go decision on two sites in Orlando. Both look favorable. Both would be operational by May if we move forward with them. The leasehold improvements at the Cleveland location should be completed in March facilitating scale up of this site. Negotiations for additional parking to support the Va. Beach site are not going well. Currently an off site auxiliary lot is being used. A pilot facility will open in Newport News in March. It will be run out of a body shop.

We have developed a probability model that allows us to assess decisions and effects such as;

- where facilities and claim offices should be located
- how many facilities are optimal
- driving distance models before and after implementation of Concierge
- feature mix retained by the traditional claims process after implementation of Concierge

We are in the process of validating the model as we gain further understanding of the relationship between acquisition rates and distance from a facility, how it varies by market and why, how work location plays into the relationship, etc.

We have developed an initial set of operating standards that will evolve as we continue to understand process capabilities.

Key Activity	Standard	How to Measure
Offering Network Services	<ul style="list-style-type: none">• This will be done at initial contact for all repairables that are going to be repaired. The only exception would be for claims where there was a high probability of no coverage (for example, dol after policy cancellation).• The expectation is that the file shows that the vehicle owner rejected the service or was scheduled for a PRS appointment or was referred to a TP shop.	File Review of FSN and Webtracker activity.
Customer Prep	<ul style="list-style-type: none">• Prior to the customer arriving at the PRS site, we will arrange for and obtain a rental, if needed, and pre-fill out the repair authorization, rental contract, and inspection form.	Observation
Customer "No Show"	<ul style="list-style-type: none">• Twice per day (at noon and close), the PRS rep will notify the file owner of any missed appointments. This is done in Webtracker and generates a diary for the file owner.	Webtracker

Customer Drop Off	<ul style="list-style-type: none"> •While the customer is present, complete all paperwork (rental agreement, inspection form, repair authorization). •Set rental and future communications expectations. •The rental expectation is that we will pay for the rental up to one day beyond the day that we advise them that the repaired car is delivered to us. •Future communications expectations are that we will do so via text pager anytime the DDay is revised and to notify that the car is ready for pickup. •Any communications to advise that they will owe additional out of pocket (for betterment, depreciation, etc.) will be done via telephone. •All customers offered a text pager. 	Observation
Damage Assessment	<ul style="list-style-type: none"> •Estimates will be completed within 2 business hours of drop off. •The shop will be selected within 2 business hours of drop-off. •The shop will pick-up by AM the next day for cars referred to them PM, and by PM same day for cars referred to them AM. 	Webtracker
Day 1 Call Back	<ul style="list-style-type: none"> •Send each customer a copy of their initial estimate. {FL specific} •Communicate to them the expected DDay, the rental expectations (again), and when we will next update them. •This can be done via text pager, unless we need to communicate additional financial obligations to the customer (for betterment or depreciation, for example), in which case we need to call via telephone. 	Review of FSN, looking for use of the Day 1 Call Back FSN Template.
Follow Up Customer Communication	<ul style="list-style-type: none"> •Required when expected DDay changes, when supplemental estimates include additional aftermarket usage, and when additional betterment, depreciation, or any other issues arise which add financial obligation for the customer. •Communications will be completed by telephone for additional financial obligation issues for the customer and by text pager for the other issues. •Communications will take place the same day, will always reinforce the rental expectation, and we will document same in the FSN, using a FSN Template. •Supplements including additional aftermarket need to be re-sent to the customer. •No longer than a 7 day lag between customer contacts. 	Review of FSN, looking for use of the FSN Template
Supplement Completion	<ul style="list-style-type: none"> •Complete supplements within 48 hours of being electronically requested. 	Webtracker

Repaired Vehicle Delivered	<ul style="list-style-type: none"> •Complete the QI with shop present. •Pay shop same day. •Inform customer via text pager immediately upon completion of QI (again, reminding of our rental obligation). 	Webtracker. PACMan Payment screens.
Customer Pick-up	<ul style="list-style-type: none"> •Prepare a customer packet to include our warranty and the final estimate. •Check in the rental. •Collect the text pager. •Reconcile any customer financial obligation. 	File Reviews
Post Delivery	<ul style="list-style-type: none"> •Rental will be paid same day. •Subrogation for customer financial obligation will be processed same day. •Package hard file docs and forward to file owner. •Attempt customer survey within 3 - 7 days. 	Comparison of Webtracker entries and PACMan Payment screens

as of 3/5/01

Referral Volume

	acquire/wk this month	acquire/wk tri 3 months	acquire/gross new this month	acquire/gross new tri 3 months
va beach	45.8	44.2	31.5%	29.5%
cleveland	39.3	43.4	9.9%	8.5%
orlando	22.3	16.9	5.4%	4.4%
total	107.4	104.5	11.2%	10.0%

orlando numbers are estimates

Customer Service

satisfaction/N	November-00	December-00	January-01	February-01	per.repair complete jan
va beach	4.59/44	4.68/25	4.71/21	—	0.11
cleveland	4.43/79	4.22/108	4.55/38	4.18/11	0.21
orlando	4.67/3	4.77/13	4.57/14	—	0.19
total	4.49/126	4.35/146	4.55/73	4.18/11	0.17

Cycle Times

driveable	February-01			trail 3 months		
conclerge	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
va beach	6.9	9.5	2.0	8.0	11.7	1.9
cleveland	8.9	9.5	3.3	7.4	11.2	3.1
orlando	5.7	10.2	2.2	4.8	9.3	2.4

driveable	February-01			trail 3 months		
TotalPro	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
virginia	17.3	9.0	3.8	18.8	10.1	3.6
ohio	21.5	8.5	4.4	19.4	9.0	4.5
florida	19.4	10.1	4.3	17.7	10.2	4.2

va beach	new pol/features	dispatches to inspect vehicles	total dispatches	inspect dispatches per feature	total dispatches per feature
Oct-00	574	430	572	0.7	1.0
Nov-00	392	285	491	0.7	1.3
Dec-00	453	253	401	0.6	0.9
Jan-01	520	177	332	0.3	0.6
Feb-01	398	181	275	0.5	0.7

dec 6 begin new process

0.0
0.0
0.0
0.0

relative penetration by channel

direct vs agent channel penetration		
conclerge	February-01	trail 3 months
virginia	78.9%	37.5%
ohio	61.7%	68.3%
florida	31.1%	96.4%
TotalPro	February-01	trail 3 months
virginia	23.2%	31.1%
ohio	14.9%	18.2%
florida	11.8%	10.2%

supplement data

	ohio		virginia	
	totalpro	conclerge	totalpro	conclerge
% w/o sups	25.3%	37.3%	44.1%	41.6%
% w/ >1 sup^	29.4%	29.8%	26.9%	22.2%
sup \$ vs ult \$	28.4%	19.7%	27.2%	15.4%
days original to 1st sup	20.6	14.9	21.9	16.9

estimates written 11/2000 as of 2/2001

^ for population with at least one supplement

renewal data

	non-network		totalpro		conclerge	
	renewal rate	pifs expiring	renewal rate	pifs expiring	renewal rate	pifs expiring
virginia	71.4%	8,980	77.9%	734	75.0%	64
ohio	79.9%	23,750	85.4%	3,656	84.4%	102
florida	69.1%	24,780	75.8%	10,632	100.0%	2

for PIF with physical damage claims in past term expiring 9-11/2000 as of 3/20001

	ALL	Change	upper extremity
6-5	31/	33/	29/
10	55/	56/	52/
15	77/	82/	69/
20	88/	93/	76/
avg diff b/w y/SD male age	1st 300	all	avg age
ALL	10.4	9.2	9.96
change	9.6	9.1	9.5
normalized	133	9.1	11.4
	1st	300	avg age
ALL	432/145/99	594/	594/
change	227/58/82	414/	414/
normalized	659/203/161	529/	529/

All Parties from Home Address (By Row)									
distance distribution from R/S size	Total	PMS	CWP - 1st close	total loss	non-vehicle	sp. line	cr	glass only	all items reportable
0-5 miles	100.00%	31.92%	35.68%	2.87%	0.94%	0.94%	0.00%	0.00%	37.70%
5-10 miles	100.00%	27.68%	44.24%	0.00%	0.61%	0.00%	0.00%	0.00%	27.27%
10-15 miles	100.00%	34.84%	40.65%	1.29%	0.00%	0.65%	0.00%	0.00%	22.56%
15-20 miles	100.00%	31.51%	33.88%	10.96%	0.00%	1.37%	0.00%	0.00%	33.88%
20-25 miles	100.00%	29.63%	33.33%	3.70%	0.00%	0.00%	0.00%	0.00%	33.33%
25-30 miles	100.00%	33.33%	33.33%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
30-40 miles	100.00%	11.11%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%	77.78%
40-50 miles	100.00%	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	66.67%
50+ miles (based on file cap)	100.00%	20.59%	11.76%	2.94%	5.88%	0.00%	0.00%	0.00%	58.82%
TOTAL	100.00%	30.25%	36.61%	2.60%	0.87%	0.88%	0.00%	0.00%	29.09%

All Parties from Work Address (By how)		TOTAL	PHS	Corp - list	total loss	non-vehicle	sp line - CV	glass only	balance
distance: distribution from PHS use				total					repairable
0-5 miles	100.00%	16.27%	35.14%	2.70%	0.00%	2.70%	0.00%	0.00%	43.24%
5-10 miles	100.00%	31.37%	37.25%	0.00%	0.00%	1.95%	0.00%	0.00%	29.41%
0-15 miles	100.00%	39.13%	33.61%	2.17%	0.00%	2.17%	0.00%	0.00%	33.91%
15-20 miles	100.00%	34.47%	26.09%	4.35%	0.00%	0.00%	0.00%	0.00%	34.78%
20-25 miles	100.00%	33.33%	22.22%	11.11%	0.00%	0.00%	0.00%	0.00%	33.33%
25-30 miles	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30-40 miles	100.00%	42.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	57.14%
40-50 miles	100.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	75.00%
50+ miles (Based on mile Cap)	100.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	75.00%
TOTAL	100.00%	31.18%	29.57%	2.15%	0.00%	1.61%	0.00%	0.00%	35.46%

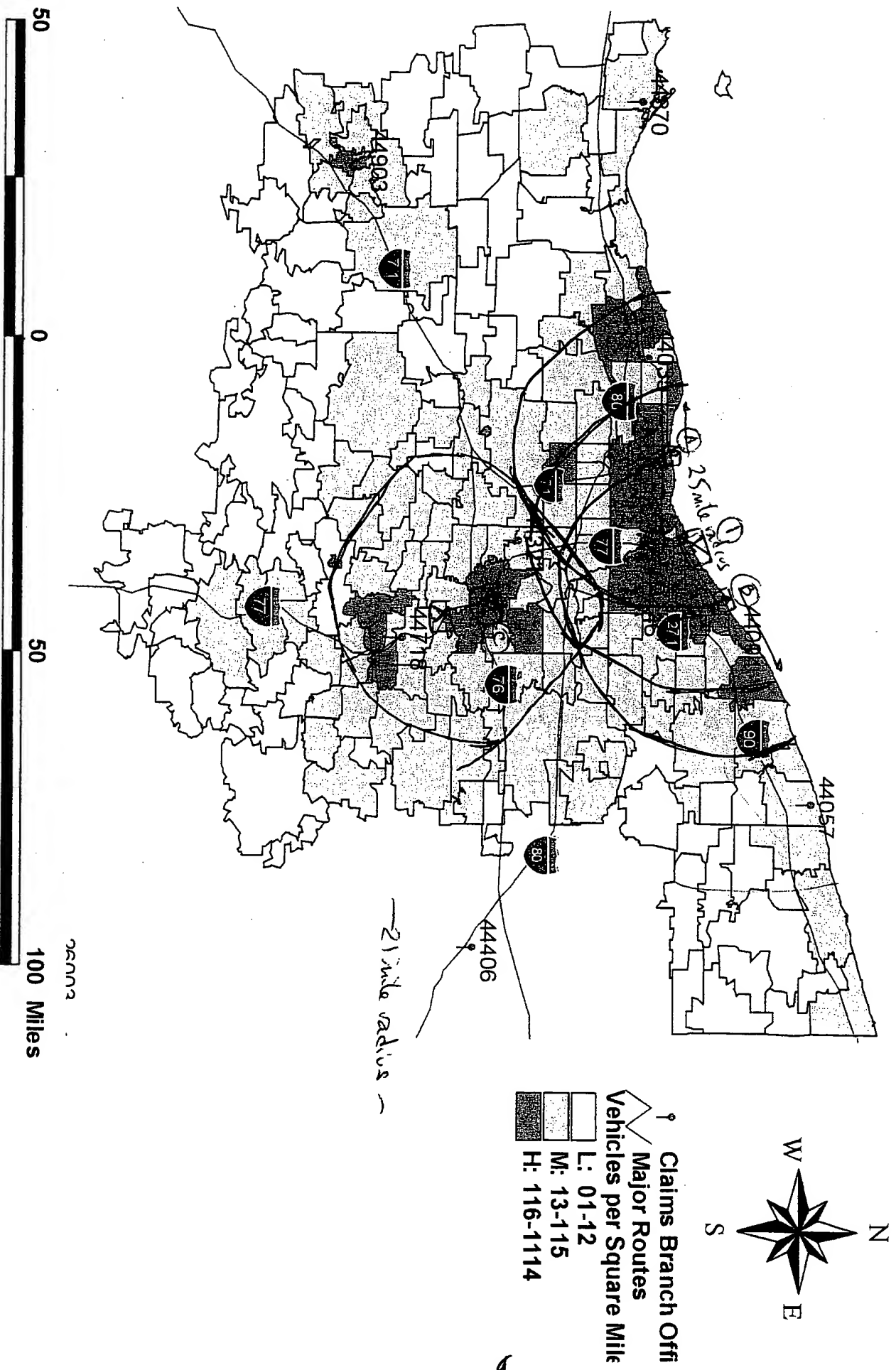
[illegible]

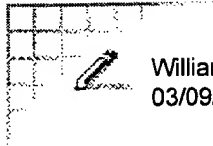
127
25
⑫

(Need more tail drop)

- 8 -

Cleveland DMA Vehicle Density by Zip ^(Insured)





William Church
03/09/2001 03:40 AM

To: steven gellen
cc:
Subject: monthly report

Customer

- Concierge video was shot. The name changed caused half the participants to use the wrong terminology. The first version will be completed by 3/19.
- Brian Wakefield is defining the rental process
- I am defining the pre/post repair checklist form that PGR and shops can use.
- Cyntas has visited and Brian Frey is considering style options.
- Service recovery process - no progress
- Disney Training scheduled for 4/4/01 to 4/7/01 - define on stage / off stage after this training

Facility

- Cleveland retrofit is back on track. completion date is 3/18 for all infrastructure items. I don't think we should move until the prototype is delivered.
- VA Beach parking discussions are not progressing very well. Landlord does not want to build more than 10 spaces. Brian Wakefield and Amy Corbett will meet with Beth Toth and the landlord to discuss further. We have started a search for alternative sites as a back up plan.
- Altamonte Springs go/no go decision will be made 3/21. Environmental abstract found no issues. Site will be up and running by 5/15/01 if all goes well.
- South Orange go/no go decision will be made 3/21. Phase 1 environmental was completed and a Phase 2 is underway. Site is progressing nicely and we could be up by 5/1/01 if all goes according to plan.
- Retrofit project plan was shared with Real Estate.
- Prototype planning continues with Nudell Architects. Some land locations in Parma/Brooklyn have been identified.
- Roll out process has not been defined yet.
- Mapping is not being handled by me.

Staffing

- Terrance Goldsmith and Jodi Jackson are working on training efforts around process documentation and training, referral training, webtracker training, roles, safety training, and shop management.
- Roles, objectives and pay grades have not been defined yet.
- Webtracker training in Philadelphia will be 3/26. Cleveland will train on the week of 3/19 and VA beach will train the week of 4/9.

What I need from others

- Legal review of all brochures, warranty and repair authorization so I can make changes and go to print.
- Legal to produce final contract for rental. (I have hard copy changes to draft).
- Direction around whether you want me to continue to advance my real estate objectives.

as of 3/1/01

state
date

0800

0700

0300-0400B0500-0600

0100-0200

first party

pd severity layer	injury rate			atty rep rate			avg injury severity			population counts			pd severity distribution		
	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge
0	2.6%	2.7%	0.0%	35.7%	38.4%	ERR	3.46	3.77	ERR	84,357	4,209	10	22.8%	12.1%	17.5%
501	3.1%	2.4%	0.0%	35.5%	32.6%	ERR	3.56	3.50	ERR	71,723	5,680	14	19.4%	16.4%	24.6%
1,001	5.8%	5.2%	0.0%	30.4%	32.6%	ERR	3.48	3.55	ERR	103,148	12,294	17	27.9%	35.4%	29.8%
2,001	10.7%	8.9%	0.0%	29.2%	29.2%	ERR	3.33	3.37	ERR	50,694	5,238	7	13.7%	15.1%	12.3%
4,001	16.9%	15.9%	0.0%	26.4%	22.8%	ERR	3.33	3.16	ERR	23,165	2,783	1	6.3%	8.0%	1.8%
6,001	24.3%	21.8%	14.3%	25.3%	23.1%	ERR	3.44	3.45	1.00	25,160	3,643	7	6.8%	10.5%	12.3%
>10K	31.9%	26.6%	0.0%	23.8%	23.2%	ERR	3.73	3.35	ERR	11,664	891	1	3.2%	2.6%	1.8%
total	8.0%	8.2%	1.8%	28.5%	27.3%	ERR				369,911	34,738	57			

third party

pd severity layer	injury rate			atty rep rate			avg injury severity			population counts			pd severity distribution		
	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge
0	15.9%	11.7%	20.0%	30.9%	28.3%	ERR	2.62	2.62	3.00	56,823	2,436	5	19.8%	12.6%	11.6%
501	15.1%	12.2%	12.5%	31.4%	19.1%	ERR	2.94	2.64	2.00	70,754	4,121	8	24.7%	21.4%	18.6%
1,001	20.4%	16.6%	14.3%	34.5%	23.8%	100.0%	3.36	3.13	4.00	85,447	7,031	21	29.8%	36.5%	48.8%
2,001	32.6%	27.8%	0.0%	38.5%	30.8%	ERR	3.38	3.55	ERR	36,882	2,738	6	12.9%	14.2%	14.0%
4,001	42.6%	35.3%	0.0%	39.9%	30.3%	ERR	3.55	3.25	ERR	15,684	1,296	1	5.5%	6.7%	2.3%
6,001	50.2%	46.2%	0.0%	38.9%	29.4%	ERR	3.92	3.93	ERR	16,657	1,374	2	5.8%	7.1%	4.7%
>10K	59.1%	41.4%	ERR	38.9%	35.5%	ERR	4.00	3.91	ERR	4,633	292	0	1.6%	1.5%	0.0%
total	23.4%	20.4%	11.6%	35.5%	26.9%	100.0%				286,880	19,288	43			

(run by SP RE)

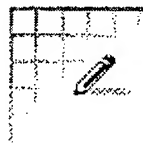
attyrep.123 03/09/2001

To: Steven Gellen@PROGRESSIVE
cc:
Subject: Progressive Repair Service - February 2001 monthly report

fyi - I spoke to brian, they are not doing post repair inspections at the shop. this was outdated info supplied by amy corbett.

he and rick palmer will travel to philadelphia for webtracker training on 3/26 provided the training room can support the increased number. Mike Rayl had the week of 3/19 available but brian has conflicts during that week.

Forwarded by William Church on 03/05/2001 05:05 PM



Brian Wakefield
03/05/2001 11:43 AM

To: William Church, Amy Corbett, Russell Mountcastle
cc: Edward Ruse, Scott Taylor
Subject: Progressive Repair Service - February 2001 monthly report

Customer Results:

1. volume:

	Volume			
Month	New Features	Features Closed	Inventory	Fea/day
February	236	235	121	11.8
January	283	316	126	11.3
December	252	219	174	12.6
November	213	165	140	10.7
October	237	216	99	9.5

2. We estimated 138 cars on site during the month of February (6.9/day - 5 day work week)

Acceptance Rate:

Rather than do a manual count, I have included Steve's Volume tracking data. As you can see the % of Property damage features that ended up in Concierge **increased 2.8 %** over the prior month. As noted earlier, the vast majority of the remaining 68.5% are Total Losses, Record Only Claims, Under deductibles, Non-Qualifying vehicles(fixed PD).

per week volumes										
							4	4	5	4
concierge	org	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
clev	32090	8.8	7.6	9.0	18.0	18.4	34.3	62.0	31.8	39.3
va beach	32097	7.5	7.2	8.8	21.0	31.2	40.3	45.8	41.8	45.8
orlando	webtracker							7.0	20.6	12.6
clev east	30048	249.5	230.4	230.5	214.8	237.4	229.0	275.0	238.2	180.0
clev west	30046	249.0	245.8	239.0	245.8	243.8	253.5	283.3	243.4	178.5
% concierge		1.7%	1.6%	1.9%	3.8%	3.7%	6.6%	10.0%	6.2%	9.9%
va beach	30186	156.8	148.6	148.5	124.3	114.8	98.0	113.3	104.0	99.5
% concierge		4.6%	4.6%	5.6%	14.5%	21.4%	29.1%	28.8%	28.7%	31.5%
orlando east	31128	141.8	141.6	142.8	146.8	135.4	116.0	106.3	119.4	124.0
orlando north	30790	121.5	123.4	111.0	140.8	115.6	100.5	98.3	109.0	122.0
orlando south	30372	87.3	87.6	88.5	77.5	78.6	76.8	77.5	76.4	75.5
orlando west	31208	93.5	91.4	95.0	100.0	87.0	79.8	84.8	74.8	93.5
% concierge								1.9%	5.4%	3.0%
total % concierge		2.4%	2.3%	2.8%	6.3%	7.7%	11.4%	10.0%	9.1%	10.2%

Dispatch Data:

Dispatches continue to decrease. The IR branch completed 57 fewer total dispatches compared to the prior month. Dispatches to inspect vehicles remained about the same compared to the prior month.

Dispatch History		
Month	Total Dispatches	Dispatches to Inspect Vehicles
October	572 (18.5/day)	430 (13.9/day)
November	491 (16.4/day)	285 (9.5/day)
December	401 (13.4/day)	253 (8.4/day)
January	332 (10.7/day)	177 (5.9/day)
February	275 (9.8/day)	181 (6.5/day)

Survey Results:

We completed 23 surveys during the month of February. We have added this responsibility to a claim process at the IR branch in hopes of increasing the number of surveys obtained. Results will be reported under separate cover.

Body Shop Results:

1. We still have 14 shops in the repair Network. We have identified 7 shops as our top tier shops (based on cycle time, quality and ease to work with) and have developed a strategy to keep these shops at their maximum capacity as much as possible. We will fall back on our bottom tier shops when there is no available space in the top shops. Shop assignment is now done by the Team Leader on site rather than our PD specialist (starting 3/1/01).
2. We completed 88 **Quality Inspects** during the month of Feb. with 14 failures (**16%**).

Key measures:

	<u>Current</u>	<u>Previous</u>	<u>6 month avg.</u>
Last Payment (hours)	478	696	522
PD payments (average)	\$1744.01	\$1670.90	\$1613.45
PD payments (median)	\$879.79	\$1150.76	\$990.92

Process Changes:

1. Made two new hires the latter part of the month, Santiago Ortiz (Network Rep, in the field) and Renee Woodard (Customer Service Rep). Renee is back filling for Jessica Faux .
2. Four key areas we are focussing on this month:
 - a. Quality Inspections - trying to get the shops to complete a QI and also making our QI's better. Too often we thought something passed only to have the customer reject it. We have to eliminate this hassle on the customer.
 - b. Paper Management - while much improved, we need to continue to focus on getting all required estimates, supplements, photos, drafts into the file in "real time" not batched.
 - c. Rental Control - We will begin setting better expectations for our customers as to when Progressive's rental responsibility ends. We will also start looking to repair facilities to contribute to the rental bill when unnecessary delays take place.
 - d. Condense time to get estimate completed. Condense time it takes to have shop pick up the car.
3. Enhanced Webtracker had some glitches. Mike Rayl's team is in the process of fixing.

PROGRESSIVE William Church
03/07/2001 12:57 PM

To: Steven Gellen@PROGRESSIVE
cc:
Subject: February Monthly Report -- Florida Concierge

fyi

----- Forwarded by William Church on 03/07/2001 03:58 PM -----

PROGRESSIVE Tom Dance
03/07/2001 03:17 PM

To: Drew Walston, William Church
cc: Rob Duhon, James A. Haskins, Bruce Bailey, Anthony Sereno, Kirsten Olafsen, James S. Martin, Kimberly Williams, Kimberly R. Williams, Mark Gilmore, Kimberly O'Melia, Nestor Dibenedetto
Subject: February Monthly Report -- Florida Concierge

Highlights

- Completed a Diagnostic Review of the Orlando Concierge operation, February 15 - 16.
- All Orlando TotalPro shops and all Orlando reps trained in electronic referral using the newest version of WebTracker.
- Began testing the newest version of WebTracker that now has fully integrated concierge functionality, beginning the week of February 19.
- Identified a second concierge CSR, Kimberly Williams.
- Added additional shops into the network of shops repairing concierge jobs, bringing the total number of these shops to 20. At this point, all the Altamonte Springs and Orlando East TotalPro shops are available to complete concierge work.
- Without any additional effort or focus on referring, incoming concierge volume remained steady, inching up to 4.5 new/day.
- Attended a TotalPro meeting in Cleveland put on by Craig Edmonds and Steve Gellen for the six Zone TotalPro process leaders, February 19.

Results

I am not confident in the data that I can find to document many of the key measures that I have reported on in past months. The reason for this stems from our conversion mid-month to the new WebTracker that has changed our method of tracking many events and which has created new events to track. To resolve an issue that arose with the advent of the new WebTracker, many events logged into the earlier WebTracker were deleted so I do not feel good that our past methods of gathering data are valid for this month. As a consequence, I do not have good numbers for the number of concierge offers, the acceptance rate, the number of vehicles "at shop," the number of vehicles delivered, or some detail statistics for this month. I do feel good about the number of new vehicles accepted into the program for the month, which comes from combining counts from the enhanced WebTracker (for the last week of the month) to counts from our manual database (for the first 3 weeks of the month).

New features totaled 89 for February, or 22.3/week (4.5/day). This is up slightly from January levels, without any additional effort or focus on increasing referrals.

For future reporting going forward, I will draw on the numbers derived from our new WebTracker. It might be slightly off in March for a couple of measures (as some cars entered into WebTracker under the old system will have been completed and delivered after the switch to the new system); however, it should be very close to what is happening for many measures in March and all measures for April and beyond.

Diagnostic Review

Our main focus this month was to take a close look at the Orlando concierge program. The Diagnostic Review consisted of four main activities, outlined below:

- **Holistic File Review.** We completed 22 holistic file reviews of files that involved a feature handled by PRS. We wanted not only to capture specific information about what was or was not happening with the PRS feature, but also to determine the overall file quality of this group of claims. How did the overall file quality look compared to non-PRS claims? Better or worse and why?
- **PD Accuracy Review.** Dan, Jeff, and Kim ran 24 estimates through the newly developed QA Tool.
- **Referral Process Analysis.** From a random sample of 100 claims involving repaired property features (property features opened and paid in January that were not total losses), we reviewed 53 claims, targeting our review on the referral process to determine what was or was not happening regarding referral to the network.
- **Customer Follow Up.** We attempted two dozen PRS surveys, completing 7.

The findings were encouraging. Generally, the overall file quality looked good compared to pre-PRS days; however, we saw clear areas of opportunity to increase file quality. The average holistic score was 2.64, with 41% rating as standard or better and 9% scoring less than 2.0. Where there were issues, the approaches needed to correct them were generally clear and uncomplicated.

A brief summary of some of the strengths identified included the following:

- **Team Leader involvement.** We saw good initial outlines and direction from the TL at file assignment time.
- **Supplement handling process.** Shops were timely in their requests for supplements using the electronic supplement request. Our reps were timely in responding to the requests, in documenting their activities, and in updating customers as vehicle statuses changed.
- **Lag Time.** The shops were timely in entering their vehicle events into Webtracker for the most part.
- **Repair Cycle Times.** Overall, we were seeing customers cars being repaired quickly and customers back into their repaired cars quicker than what we have seen prior to PRS.
- **Solid awareness of and effectiveness in the referral process.**
- **Overall customer satisfaction rates.**

Areas of opportunity included the following:

- Although shops were repairing cars quickly and customers were back in their repaired cars quickly, we saw many opportunities to perform even better here. Oftentimes, cars were not pushed through the process and back to the customers as quickly as could have been done.
- Because of the above, we incurred rental charges that could have been avoided.
- File documentation of various key activities (for example, if or when we sent estimates to customers) could be better. Sometimes it was clear something had been done, but we could not determine when it was done. As a consequence it was hard to tell from reading the face sheet notes just where we were in the process on some claims.
- Hardfile order has not been defined.
- Rental and claim payments are not made consistently at the same point in the file handling.
- Delayed vehicle deliveries.
- Estimatics accuracy in the areas of non-OEM parts usage, relatively high labor repair times, and missed opportunities to blend within panels.

One important action item out of this review was to identify a number of Key Activities for the concierge

process and establish standards for each. The following standards are in the process of being floated to the other concierge operations in Virginia Beach and Cleveland for their input so that these can be finalized for future operations.

Key Activity	Standard	How to Measure
Offering Network Services	This will be done at initial contact for all repairables that are going to be repaired. The only exception would be for claims where there was a high probability of no coverage (for example, dol after policy cancellation). The expectation is that the file shows that the vehicle owner rejected the service or was scheduled for a PRS appointment or was referred to a TP shop.	File Review of FSN and Webtracker activity.
Customer Prep	Prior to the customer arriving at the PRS site, we will arrange for and obtain a rental, if needed, and pre-fill out the repair authorization, rental contract, and inspection form.	Observation
Customer "No Show"	Twice per day (at noon and close), the PRS rep will notify the file owner of any missed appointments. This is done in Webtracker and generates a diary for the file owner.	Webtracker
Customer Drop Off	While the customer is present, complete all paperwork (rental agreement, inspection form, repair authorization). Set rental and future communications expectations. The rental expectation is that we will pay for the rental up to one day beyond the day that we advise them that the repaired car is delivered to us. Future communications expectations are that we will do so via text pager anytime the DDay is revised and to notify that the car is ready for pickup. Any communications to advise that they will owe additional out of pocket (for betterment, depreciation, etc.) will be done via telephone. All customers offered a text pager.	Observation

Damage Assessment	Estimates will be completed within 2 business hours of drop off. The shop will be selected within 2 business hours of drop-off. The shop will pick-up by AM the next day for cars referred to them PM, and by PM same day for cars referred to them AM.	Webtracker
Day 1 Call Back	Send each customer a copy of their initial estimate. {FL specific} Communicate to them the expected DDay, the rental expectations (again), and when we will next update them. This can be done via text pager, unless we need to communicate additional financial obligations to the customer (for betterment or depreciation, for example), in which case we need to call via telephone.	Review of FSN, looking for use of the Day 1 Call Back FSN Template.
Follow Up Customer Communication	Required when expected DDay changes, when supplemental estimates include additional aftermarket usage, and when additional betterment, depreciation, or any other issues arise which add financial obligation for the customer. Communications will be completed by telephone for additional financial obligation issues for the customer and by text pager for the other issues. Communications will take place the same day, will always reinforce the rental expectation, and we will document same in the FSN, using a FSN Template. Supplements including additional aftermarket need to be re-sent to the customer. No longer than a 7 day lag between customer contacts.	Review of FSN, looking for use of the FSN Template
Supplement Completion	Complete supplements within 48 hours of being electronically requested.	Webtracker

Repaired Vehicle Delivered	Complete the QI with shop present. Pay shop same day. Inform customer via text pager immediately upon completion of QI (again, reminding of our rental obligation).	Webtracker. PACMan Payment screens.
Customer Pick-up	Prepare a customer packet to include our warranty and the final estimate. Check in the rental. Collect the text pager. Reconcile any customer financial obligation.	File Reviews
Post Delivery	Rental will be paid same day. Subrogation for customer financial obligation will be processed same day. Package hard file docs and forward to file owner. Attempt customer survey within 3 - 7 days.	Comparison of Webtracker entries and PACMan Payment screens

A full write-up of the Diagnostic Review was prepared under separate cover in the attached document.



DxRevPRS1Q01.I

Customer Surveys

The quantity of surveying is not at the level it needs to be. Surveying has not been an integral part of the process. We are working to make it so and expect much fuller information going forward. We called 30 customers and completed 11 surveys. Without exception all rated their experience from Progressive as a "5" ("significantly exceeded my expectations") including, interestingly, the vehicle owner on a claim in a file that in our review we rated as having "1.0" file quality (does not meet). 91% were completely satisfied with repairs. On a scale of 1 - 5, with 5 being the best, the results of the other questions are outlined in the chart below:

	1	2	3	4	5
Quality of Repairs				3 (30%)	7 (7)
Timeliness of Repairs			1 (10%)	1 (10%)	8 (8)
Overall Progressive Claims Service					10 (1)

Real Estate Update

The O'Brien location, scratched last month from the list of potential concierge sites, is now back as our most viable option for the north after the landlord resolved issues with the city of Altamonte Springs that had previously rendered this location unworkable.

Activities spearheaded by Bill Church and the timelines for finalizing the O'Brien and the S. Orange Avenue locations as our eventual concierge sites in Orlando are outlined as follows:

244 O'Brien Rd. Activities Timeline

- architectural construction docs by 3/20
- construction estimates by 3/20
- deal summary by 3/20
- lease review 3/20
- **go/no go decision 3/21**
- sign lease 3/21
- building permit 3/21 - **can we pull this now based on what we know?**
- furniture/telco/data/security orders 3/21
- begin construction 4/11 (do phone room first)
- complete construction 5/9
- move in 5/11

S. Orange Avenue Activities Timeline

- architectural construction docs by 3/14
- construction estimates by 3/18
- deal summary by 3/18
- lease review 3/20
- **go/no go decision 3/21**
- sign lease 3/21
- building permit 3/28? - **can we pull this now based on what we know?**
- furniture/telco/data/security orders 3/21
- begin construction 3/28 (do phone room first)
- complete construction 4/30
- take possession 5/1 - move in 5/4

Thad Burdette has resolved a potential parking issue at the Orlando East claim office that will allow us to run a concierge operation out of there much like we have done in the Altamonte Springs office. This can tide us over to any eventual move-in date to the south location.

February Initiatives/Priorities/Action Plans

Diagnostic Review Action. We will continue to act on plans developed from the February Diagnostic Review, in an effort to perfect the process prior to scaling it up.

Real Estate. March should be the month that we learn conclusively whether or not our primary potential sites will happen. If so, a significant effort will need to be focused on preparing those sites for their eventual openings.

Staffing. We will continue to identify staffing for future PRS need. Currently, we have one req open – for a Team Leader to manage the South Orlando concierge operation.

Key Activity	Standard	How to Measure
Offering Network Services	<ul style="list-style-type: none"> •This will be done at initial contact for all repairables that are going to be repaired. The only exception would be for claims where there was a high probability of no coverage (for example, dol after policy cancellation). •The expectation is that the file shows that the vehicle owner rejected the service or was scheduled for a PRS appointment or was referred to a TP shop. 	File Review of FSN and Webtracker activity.
Customer Prep	<ul style="list-style-type: none"> •Prior to the customer arriving at the PRS site, we will arrange for and obtain a rental, if needed, and pre-fill out the repair authorization, rental contract, and inspection form. 	Observation
Customer "No Show"	<ul style="list-style-type: none"> •Twice per day (at noon and close), the PRS rep will notify the file owner of any missed appointments. This is done in Webtracker and generates a diary for the file owner. 	Webtracker
Customer Drop Off	<ul style="list-style-type: none"> •While the customer is present, complete all paperwork (rental agreement, inspection form, repair authorization). •Set rental and future communications expectations. •The rental expectation is that we will pay for the rental up to one day beyond the day that we advise them that the repaired car is delivered to us. •Future communications expectations are that we will do so via text pager anytime the DDay is revised and to notify that the car is ready for pickup. •Any communications to advise that they will owe additional out of pocket (for betterment, depreciation, etc.) will be done via telephone. •All customers offered a text pager. 	Observation
Damage Assessment	<ul style="list-style-type: none"> •Estimates will be completed within 2 business hours of drop off. •The shop will be selected within 2 business hours of drop-off. •The shop will pick-up by AM the next day for cars referred to them PM, and by PM same day for cars referred to them AM. 	Webtracker
Day 1 Call Back	<ul style="list-style-type: none"> •Send each customer a copy of their initial estimate. {FL specific} •Communicate to them the expected DDay, the rental expectations (again), and when we will next update them. •This can be done via text pager, unless we need to communicate additional financial obligations to the customer (for betterment or depreciation, for example), in which case we need to call via telephone. 	Review of FSN, looking for use of the Day 1 Call Back FSN Template.
Follow Up Customer Communication	<ul style="list-style-type: none"> •Required when expected DDay changes, when supplemental estimates include additional aftermarket usage, and when additional betterment, depreciation, or any other issues arise which add financial obligation for the customer. •Communications will be completed by telephone for additional financial obligation issues for the customer and by text pager for the other issues. •Communications will take place the same day, will always reinforce the rental expectation, and we will document same in the FSN, using a FSN Template. •Supplements including additional aftermarket need to be re-sent to the customer. •No longer than a 7 day lag between customer contacts. 	Review of FSN, looking for use of the FSN Template
Supplement Completion	<ul style="list-style-type: none"> •Complete supplements within 48 hours of being electronically requested. 	Webtracker

Repaired Vehicle Delivered	<ul style="list-style-type: none"> •Complete the QI with shop present. •Pay shop same day. •Inform customer via text pager immediately upon completion of QI (again, reminding of our rental obligation). 	Webtracker. PACMan Payment screens.
Customer Pick-up	<ul style="list-style-type: none"> •Prepare a customer packet to include our warranty and the final estimate. •Check in the rental. •Collect the text pager. •Reconcile any customer financial obligation. 	File Reviews
Post Delivery	<ul style="list-style-type: none"> •Rental will be paid same day. •Subrogation for customer financial obligation will be processed same day. •Package hard file docs and forward to file owner. •Attempt customer survey within 3 - 7 days. 	Comparison of Webtracker entries and PACMan Payment screens

MEMO

- ① repair issues, customer fully p/m of repaired vehicle
② the referral offer not made, issues as often w/ open
any/late issues.

PROGRESSIVE

TO: Drew Walston, Rob Duhon, Jim Haskins, Craig Edmonds, Steve Gellen, Bill Church, Kim Williams, Jeff Nena, Dan Duszynski

FROM: Tom Dance

DATE: 2/21/01

SUBJECT: PRS Dx Review, 1st Qtr 2001

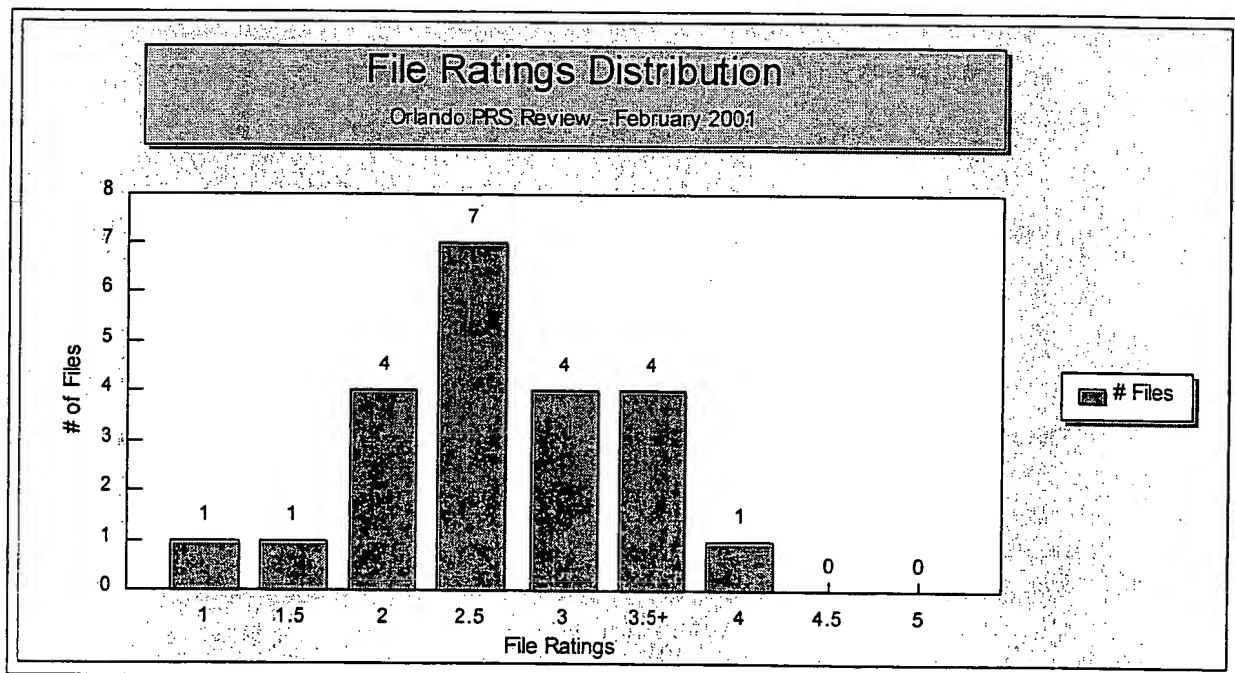
On February 15 and 16, 2001, we met to complete a Diagnostic Review of the current PRS process in Orlando. What follows is a summary of our activities and our findings.

Opening. Tom Dance opened the session with a brief overview of the current PRS workflow, as is outlined in the color-coded Red-Yellow-Green workflow document (attached), and the various activities that we wanted to accomplish over the course of the diagnostic review.

The Activities. The Diagnostic Review consisted of four main activities, outlined below:

- **Holistic File Review.** We completed 22 holistic file reviews of files that involved a feature handled by PRS. We wanted not only to capture specific information about what was or was not happening with the PRS feature, but also to determine the overall file quality of this group of claims. How did the overall file quality look compared to non-PRS claims? Better or worse and why?
- **PD Accuracy Review.** Dan, Jeff, and Kim ran 24 estimates through the newly developed QA Tool.
- **Referral Process Analysis.** From a random sample of 100 claims involving repaired property features (property features opened and paid in January that were not total losses), we reviewed 53 claims, targeting our review on the referral process to determine what was or was not happening regarding referral to the network.
- **Customer Follow Up.** We attempted two dozen PRS surveys, completing 7.

File Review Findings. The results were mixed. Generally, the overall file quality looked good compared to pre-PRS days; however, we saw clear areas of opportunity to increase file quality. The average holistic score was 2.64, with 41% rating as standard or better and 9% scoring less than 2.0. The following chart shows the file score distribution.



A closer look at the PRS process in these files indicated the following statistics:

- 82% of the files had file quality that was improved by the PRS process in that file. In 9% of the files, the PRS process was a detriment to overall file quality.
- Offers of PRS service was being made predominately over the phone (in 90% of the files).
- 22% of the time, we did not complete the estimate on the same day that the car arrived at the PRS site.
- 32% of the time, the selected shop did not pick up the vehicle on the same day that we completed the estimate.
- Almost 71% of the time, the number of rental days paid exceeded the days in shop by more than 1 day. Paid rental days exceeded days in shop by 3 or more days 23% of the time.
- The post-repair quality inspection was not completed the same day the repaired car returned to the PRS site 27% of the time.
- Almost 46% of the time, customers were not picking up their vehicles on the same day that the post-repair inspection was completed.
- On half the claims, we did not pay the claim by the time that the car was delivered to the customer.
- The initial inspection was completed within 9 hours of report on only 9% of the features.
- On 45% of the features, repairs were completed for the amount of the initial estimate without the need for a supplement.
- There were no instances of multiple supplements.

From the file reviews, some of the strengths we saw included the following:

- Team Leader involvement. We saw good initial outlines and direction from the TL at file assignment time.
- Supplement handling process. Shops were timely in their requests for supplements using the electronic supplement request. Our reps were timely in responding to the requests, in documenting their activities, and in updating customers as vehicle statuses changed.
- Lag Time. The shops were timely in entering their vehicle events into Webtracker for the most part.
- Repair Cycle Times. Overall, we were seeing customers cars being repaired quickly and customers back into their repaired cars quicker than what we have seen prior to PRS.

Areas of opportunity included the following:

- Although shops were repairing cars quickly and customers were back in their repaired cars quickly, we saw many opportunities to perform even better here. Oftentimes, cars were not pushed through the process and back to the customers as quickly as could have been done.
- Because of the above, we incurred rental charges that could have been avoided.
- File documentation of various key activities (for example, if or when we sent estimates to customers) could be better. Sometimes it was clear something had been done, but we could not determine when it was done. As a consequence it was hard to tell from reading the face sheet notes just where we were in the process on some claims.
- Hardfile order has not been defined.
- Rental and claim payments are not made consistently at the same point in the file handling.
- Delayed vehicle deliveries.

PD Accuracy Review. Kim, Jeff, and Dan completed this activity using the PD QA Tool to review 24 estimates completed on PRS features. The most positive finding here on initial estimatics was solid damage identification which resulted in no nasty supplements. The top three areas of opportunity here in rank order are as follows:

- NSPU (Non Structural Parts Usage). Issues arose here from not utilizing suitable, available aftermarket and LKQ parts.
- NSREPRPL (Non Structural Repair vs. Replace). Consistent throughout the estimates was the situation where labor decisions were significantly higher than ranges taught at training. A similar trend was identified where the time allowed by the rep to R&I door hardware required prior to refinishing were double the standard used by Progressive.
- NSSPOT (Non Structural Refinish – Spot). We missed several opportunities to blend within the panel rather than blending into the adjacent panel.

Referral Process Analysis. During the diagnostic review, we reviewed 53 randomly selected files that were not handled within our Repair Service (separate for the holistic file review). The files were selected from the Altamonte Springs office and from the past two months. The purpose of this review was to determine the effectiveness of our referral process. Are the reps aggressive in referrals? Are there reasons why referrals are not being made?

Of the 53 files reviewed, 27 (51%) of the files evidenced referrals by the reps. The majority of these referrals were made at initial contact by the file owner.

26 (49%) of the files indicated there was no Repair Service referral. Although this seems like a significant percentage, the reasons for not referring seemed to be reasonable and/or acceptable.

Reasons for not referring to the Repair Service:

- Customers vehicle was not driveable and we referred to Total Pro (vs Repair Service).
- The customer was referred to Total Pro even when vehicle was driveable.
- The claims had a possibility of comparative negligence.
- The vehicle was a possible total loss.
- Not referring was rep specific. There appeared to be one or two reps that were passive in their referrals.
- Delayed customer contact. If we were not able to contact the customer immediately, we would typically go ahead and dispatch a drive by for field inspection.

General Observations:

- The files reflect an obvious awareness of the process. Almost all files mentioned the Repair Service.
- Team Leaders are doing a great job keeping the Repair Service referral process fresh in the minds of the reps. Almost every file had a comment from a Team Leader on this point.
- ✖ • It appears that if a referral is not completed initially, there is no referral made.
- The reasons for not referring in the files appeared to be legitimate in most cases. We were pleased to see that even if the Repair Service was not offered, the reps were using the Total Pro service aggressively (in most non driveable cases).
- ✖ • Reps are not clear on how to refer claims with "issues"; comparative negligence, coverage issues, non driveables... At this point, it is not an issue, but when we want to scale up our volume, we will need to have these scripts and processes in place.
- It is not difficult to train reps on the benefits of the service nor is it difficult to train reps on how to utilize the process.
- The 2 reps that we observed not referring were tenured reps that preferred to be "outside". Although we did not discuss this with them, we presumed they chose to do handle in the traditional way as a personal preference (they wanted to go into the field).

Customer Surveys. Perhaps our most positive findings from the Dx Review were the comments that came from insureds and claimants who had been through the process. Without exception all rated their experience from Progressive as a "5" ("significantly exceeded my expectations") including, interestingly, the vehicle owner on a claim in a file that in our review we rated as having "1.0" file quality (does not meet). The breakdown of the various questions and responses are outlined in the chart below:

	1	2	3	4	5
Quality of Repairs				2 (28.6%)	5 (71.4%)
Timeliness of Repairs			1 (14.3%)	1 (14.3%)	5 (71.4%)
Overall Progressive Claims Service					7 (100%)

Action Plans

At the end of our Dx Review, we pulled together all the various findings from the various activities and identified four main areas of opportunity that needed immediate action planning. The four areas are 1) improving estimatics accuracy, 2) cleaning up our rental process handling to improve accuracy, 3) defining file mechanics and hardfile order for the PRS work product, and 4) defining clear standards for key PRS activities that can be easily audited. The plans we developed are outlined below.

Estimatics

- Mark Gilmore needs initial feedback from Tom about the PD QA tool findings.
- Dan Duszynski and Jeff Nena to be available to provide focused one-on-one training for Mark and Ed.
- Robert and Delwin (and all TotalPro reps) need to be clear that they are ultimately responsible for the entire estimates that they are writing supplements on. Kim and Tom will communicate this.

- We need to develop a feedback loop for getting information from the TP rep back to PRS.
- Kim will put together a schedule to assure that at least 1 QA review per day is completed at PRS over the course of the next month. She can utilize any of the local resources helping on this Dx Review.
- 100% review of significant supplements (other than parts price differences) over the next 30 - 60 days.

Rental Handling

- Standards need to be set for rental processing expectations. Specific standards are further outlined in the PRS Standards chart below.
- Customers in rentals need to know how long we will pay for rentals and that they will be responsible in full for rentals when they cannot return rentals and pick up their repaired cars within 1 day of the repaired car being returned.

Hardfile and File Mechanics

- Standardize the PRS package order, which can be stapled for final delivery to the file owner. Drafts should not be stapled into this package and ultimately need to be stapled onto the front cover of the file owner's hardfile.
 1. Color cover sheet,
 2. POA or Repair Authorization,
 3. Rental Contract, if applicable,
 4. Pre-inspection check in sheet,
 5. Estimate
 6. Final Estimate, if supplement exists,
 7. Post repair QA inspection form
- Begin using a FSN Template for customer status updates.
- Begin coding all FSNs, using "TP" as the FSN code for all PRS activities. Eliminate the use of such acronyms as "RNS," "PRF," and other odd references to PRS or concierge.
- Create and begin using a "Day 1" FSN template.

PRS Standards

Going forward, the following key PRS activities and their correlating standards are expected for each feature handled by PRS. These activities are auditable and must be present for the file to be considered a standard file.

Key Activity	Standard	How to Measure
Offering Network Services	<ul style="list-style-type: none"> • This will be done at initial contact for all repairables that are going to be repaired. The only exception would be for claims where there was a high probability of no coverage (for example, dol after policy cancellation). • The expectation is that the file shows that the vehicle owner rejected the service or was scheduled for a PRS appointment or was referred to a TP shop. 	File Review of FSN and Webtracker activity.
Customer Prep	<ul style="list-style-type: none"> • Prior to the customer arriving at the PRS site, we will arrange for and obtain a rental, if needed, and pre-fill out the POA, rental contract, and inspection form. 	Observation
Customer "No Show"	<ul style="list-style-type: none"> • Twice per day (at noon and close), the PRS rep will notify the file owner of any missed appointments. This is done in Webtracker and generates a diary for the file owner. 	Webtracker
Customer Drop Off	<ul style="list-style-type: none"> • While the customer is present, complete all paperwork (rental agreement, inspection form, POA). • Set rental and future communications expectations. • The rental expectation is that we will pay for the rental up to one day beyond the day that we advise them that the repaired car is delivered to us. • Future communications expectations are that we will do so via text pager anytime the DDay is revised and to notify that the car is ready for pickup. • Any communications to advise that they will owe additional out of pocket (for betterment, depreciation, etc.) will be done via telephone. • All customers receive a text pager. 	Observation
Damage Assessment	<ul style="list-style-type: none"> • Estimates will be completed within 2 business hours of drop off. • The shop will be selected within 2 business hours of drop-off. • The shop will pick-up by AM the next day for cars referred to them PM, and by PM same day for cars referred to them AM. 	Webtracker
Day 1 Call Back	<ul style="list-style-type: none"> • Send each customer a copy of their initial estimate. • Communicate to them the expected DDay, the rental expectations (again), and when we will next update them. 	Review of FSN, looking for use of the Day 1 Call Back FSN Template.

	<ul style="list-style-type: none"> • This can be done via text pager, unless we need to communicate additional financial obligations to the customer (for betterment or depreciation, for example), in which case we need to call via telephone. 	
Follow Up Customer Communication	<ul style="list-style-type: none"> • Required when expected DDay changes, when supplemental estimates include additional aftermarket usage, and when additional betterment, depreciation, or any other issues arise which add financial obligation for the customer. • Communications will be completed by telephone for additional financial obligation issues for the customer and by text pager for the other issues. • Communications will take place the same day, will always reinforce the rental expectation, and we will document same in the FSN, using a FSN Template. • Supplements including additional aftermarket need to be re-sent to the customer. 	Review of FSN, looking for use of the FSN Template
Supplement Completion	<ul style="list-style-type: none"> • Complete supplements within 48 hours of being electronically requested. 	Webtracker
Repaired Vehicle Delivered	<ul style="list-style-type: none"> • Complete the QI with shop present. • Pay shop same day. • Inform customer via text pager immediately upon completion of QI (again, reminding of our rental obligation). 	Webtracker. PACMan Payment screens.
Customer Pick-up	<ul style="list-style-type: none"> • Prepare a customer packet to include our warranty and the final estimate. • Check in the rental. • Collect the text pager. • Reconcile any customer financial obligation. 	File Reviews
Post Delivery	<ul style="list-style-type: none"> • Rental will be paid same day. • Subrogation for customer financial obligation will be processed same day. • Package hard file docs and forward to file owner. • Attempt customer survey within 3 - 5 days. 	Comparison of Webtracker entries and PACMan Payment screens

-28-

-28-

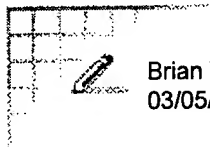


William Church
03/05/2001 02:56 PM

To: Steven Gellen@PROGRESSIVE
cc:
Subject: Progressive Repair Service - February 2001 monthly report

fyi - I spoke to brian, they are not doing post repair inspections at the shop. this was outdated info supplied by amy corbett.
he and rick palmer will travel to philadelphia for webtracker training on 3/26 provided the training room can support the increased number. Mike Rayl had the week of 3/19 available but brian has conflicts during that week.

----- Forwarded by William Church on 03/05/2001 05:05 PM -----



Brian Wakefield
03/05/2001 11:43 AM

To: William Church, Amy Corbett, Russell Mountcastle
cc: Edward Ruse, Scott Taylor
Subject: Progressive Repair Service - February 2001 monthly report

Customer Results:

1. volume:

	Volume			
Month	New Features	Features Closed	Inventory	Fea/day
February	236	235	121	11.8
January	283	316	126	11.3
December	252	219	174	12.6
November	213	165	140	10.7
October	237	216	99	9.5

2. We estimated 138 cars on site during the month of February (6.9/day - 5 day work week)

Acceptance Rate:

Rather than do a manual count, I have included Steve's Volume tracking data. As you can see the % of Property damage features that ended up in Concierge **increased 2.8 %** over the prior month. As noted earlier, the vast majority of the remaining 68.5% are Total Losses, Record Only Claims, Under deductibles, Non-Qualifying vehicles(fixed PD).

per week volumes										
							4	4	5	4
concierge	org	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
clev	32090	8.8	7.6	9.0	18.0	18.4	34.3	62.0	31.8	39.3
va beach	32097	7.5	7.2	8.8	21.0	31.2	40.3	45.8	41.8	45.8
orlando	webtracker							7.0	20.6	12.6
clev east	30048	249.5	230.4	230.5	214.8	237.4	229.0	275.0	238.2	180.0
clev west	30046	249.0	245.8	239.0	245.8	243.8	253.5	283.3	243.4	178.5
% concierge		1.7%	1.6%	1.9%	3.8%	3.7%	6.6%	10.0%	6.2%	9.9%
va beach	30186	156.8	148.6	148.5	124.3	114.8	98.0	113.3	104.0	99.5
% concierge		4.6%	4.6%	5.6%	14.5%	21.4%	29.1%	28.8%	28.7%	31.5%
orlando east	31128	141.8	141.6	142.8	146.8	135.4	116.0	106.3	119.4	124.0
orlando north	30790	121.5	123.4	111.0	140.8	115.6	100.5	98.3	109.0	122.0
orlando south	30372	87.3	87.6	88.5	77.5	78.6	76.8	77.5	76.4	75.5
orlando west	31208	93.5	91.4	95.0	100.0	87.0	79.8	84.8	74.8	93.5
% concierge								1.9%	5.4%	3.0%
total % concierge		2.4%	2.3%	2.8%	6.3%	7.7%	11.4%	10.0%	9.1%	10.2%

Dispatch Data:

Dispatches continue to decrease. The IR branch completed 57 fewer total dispatches compared to the prior month. Dispatches to inspect vehicles remained about the same compared to the prior month.

Dispatch History		
Month	Total Dispatches	Dispatches to Inspect Vehicles
October	572 (18.5/day)	430 (13.9/day)
November	491 (16.4/day)	285 (9.5/day)
December	401 (13.4/day)	253 (8.4/day)
January	332 (10.7/day)	177 (5.9/day)
February	275 (9.8/day)	181 (6.5/day)

Survey Results:

We completed 23 surveys during the month of February. We have added this responsibility to a claim process at the IR branch in hopes of increasing the number of surveys obtained. Results will be reported under separate cover.

Body Shop Results:

1. We still have 14 shops in the repair Network. We have identified 7 shops as our top tier shops (based on cycle time, quality and ease to work with) and have developed a strategy to keep these shops at their maximum capacity as much as possible. We will fall back on our bottom tier shops when there is no available space in the top shops. Shop assignment is now done by the Team Leader on site rather than our PD specialist (starting 3/1/01).
2. We completed 88 **Quality Inspects** during the month of Feb. with 14 failures (**16%**).

Key measures:

	<u>Current</u>	<u>Previous</u>	<u>6 month avg.</u>
Last Payment (hours)	478	696	522
PD payments (average)	\$1744.01	\$1670.90	\$1613.45
PD payments (median)	\$879.79	\$1150.76	\$990.92

Process Changes:

1. Made two new hires the latter part of the month, Santiago Ortiz (Network Rep, in the field) and Renee Woodard (Customer Service Rep). Renee is back filling for Jessica Faux .
2. Four key areas we are focussing on this month:
 - a. Quality Inspections - trying to get the shops to complete a QI and also making our QI's better. Too often we thought something passed only to have the customer reject it. We have to eliminate this hassle on the customer.
 - b. Paper Management - while much improved, we need to continue to focus on getting all required estimates, supplements, photos, drafts into the file in "real time" not batched.
 - c. Rental Control - We will begin setting better expectations for our customers as to when Progressive's rental responsibility ends. We will also start looking to repair facilities to contribute to the rental bill when unnecessary delays take place.
 - d. Condense time to get estimate completed. Condense time it takes to have shop pick up the car.
3. Enhanced Webtracker had some glitches. Mike Rayl's team is in the process of fixing.

PROGRESSIVE William Church
03/07/2001 12:57 PM

To: Steven Gellen@PROGRESSIVE
cc:
Subject: February Monthly Report -- Florida Concierge

fyi

----- Forwarded by William Church on 03/07/2001 03:58 PM -----

PROGRESSIVE Tom Dance
03/07/2001 03:17 PM

To: Drew Walston, William Church
cc: Rob Duhon, James A. Haskins, Bruce Bailey, Anthony Sereno, Kirsten Olafsen, James S. Martin, Kimberly Williams, Kimberly R. Williams, Mark Gilmore, Kimberly O'Melia, Nestor Dibenedetto
Subject: February Monthly Report -- Florida Concierge

Highlights

- Completed a Diagnostic Review of the Orlando Concierge operation, February 15 - 16.
- All Orlando TotalPro shops and all Orlando reps trained in electronic referral using the newest version of WebTracker.
- Began testing the newest version of WebTracker that now has fully integrated concierge functionality, beginning the week of February 19.
- Identified a second concierge CSR, Kimberly Williams.
- Added additional shops into the network of shops repairing concierge jobs, bringing the total number of these shops to 20. At this point, all the Altamonte Springs and Orlando East TotalPro shops are available to complete concierge work.
- Without any additional effort or focus on referring, incoming concierge volume remained steady, inching up to 4.5 new/day.
- Attended a TotalPro meeting in Cleveland put on by Craig Edmonds and Steve Gellen for the six Zone TotalPro process leaders, February 19.

Results

I am not confident in the data that I can find to document many of the key measures that I have reported on in past months. The reason for this stems from our conversion mid-month to the new WebTracker that has changed our method of tracking many events and which has created new events to track. To resolve an issue that arose with the advent of the new WebTracker, many events logged into the earlier WebTracker were deleted so I do not feel good that our past methods of gathering data are valid for this month. As a consequence, I do not have good numbers for the number of concierge offers, the acceptance rate, the number of vehicles "at shop," the number of vehicles delivered, or some detail statistics for this month. I do feel good about the number of new vehicles accepted into the program for the month, which comes from combining counts from the enhanced WebTracker (for the last week of the month) to counts from our manual database (for the first 3 weeks of the month).

New features totaled 89 for February, or 22.3/week (4.5/day). This is up slightly from January levels, without any additional effort or focus on increasing referrals.

For future reporting going forward, I will draw on the numbers derived from our new WebTracker. It might be slightly off in March for a couple of measures (as some cars entered into WebTracker under the old system will have been completed and delivered after the switch to the new system); however, it should be very close to what is happening for many measures in March and all measures for April and beyond.

Diagnostic Review

Our main focus this month was to take a close look at the Orlando concierge program. The Diagnostic Review consisted of four main activities, outlined below:

- **Holistic File Review.** We completed 22 holistic file reviews of files that involved a feature handled by PRS. We wanted not only to capture specific information about what was or was not happening with the PRS feature, but also to determine the overall file quality of this group of claims. How did the overall file quality look compared to non-PRS claims? Better or worse and why?
- **PD Accuracy Review.** Dan, Jeff, and Kim ran 24 estimates through the newly developed QA Tool.
- **Referral Process Analysis.** From a random sample of 100 claims involving repaired property features (property features opened and paid in January that were not total losses), we reviewed 53 claims, targeting our review on the referral process to determine what was or was not happening regarding referral to the network.
- **Customer Follow Up.** We attempted two dozen PRS surveys, completing 7.

The findings were encouraging. Generally, the overall file quality looked good compared to pre-PRS days; however, we saw clear areas of opportunity to increase file quality. The average holistic score was 2.64, with 41% rating as standard or better and 9% scoring less than 2.0. Where there were issues, the approaches needed to correct them were generally clear and uncomplicated.

A brief summary of some of the strengths identified included the following:

- Team Leader involvement. We saw good initial outlines and direction from the TL at file assignment time.
- Supplement handling process. Shops were timely in their requests for supplements using the electronic supplement request. Our reps were timely in responding to the requests, in documenting their activities, and in updating customers as vehicle statuses changed.
- Lag Time. The shops were timely in entering their vehicle events into Webtracker for the most part.
- Repair Cycle Times. Overall, we were seeing customers cars being repaired quickly and customers back into their repaired cars quicker than what we have seen prior to PRS.
- Solid awareness of and effectiveness in the referral process.
- Overall customer satisfaction rates.

Areas of opportunity included the following:

- Although shops were repairing cars quickly and customers were back in their repaired cars quickly, we saw many opportunities to perform even better here. Oftentimes, cars were not pushed through the process and back to the customers as quickly as could have been done.
- Because of the above, we incurred rental charges that could have been avoided.
- File documentation of various key activities (for example, if or when we sent estimates to customers) could be better. Sometimes it was clear something had been done, but we could not determine when it was done. As a consequence it was hard to tell from reading the face sheet notes just where we were in the process on some claims.
- Hardfile order has not been defined.
- Rental and claim payments are not made consistently at the same point in the file handling.
- Delayed vehicle deliveries.
- Estimatics accuracy in the areas of non-OEM parts usage, relatively high labor repair times, and missed opportunities to blend within panels.

One important action item out of this review was to identify a number of Key Activities for the concierge

process and establish standards for each. The following standards are in the process of being floated to the other concierge operations in Virginia Beach and Cleveland for their input so that these can be finalized for future operations.

Key Activity	Standard	How to Measure
Offering Network Services	This will be done at initial contact for all repairables that are going to be repaired. The only exception would be for claims where there was a high probability of no coverage (for example, dol after policy cancellation). The expectation is that the file shows that the vehicle owner rejected the service or was scheduled for a PRS appointment or was referred to a TP shop.	File Review of FSN and Webtracker activity.
Customer Prep	Prior to the customer arriving at the PRS site, we will arrange for and obtain a rental, if needed, and pre-fill out the repair authorization, rental contract, and inspection form.	Observation
Customer "No Show"	Twice per day (at noon and close), the PRS rep will notify the file owner of any missed appointments. This is done in Webtracker and generates a diary for the file owner.	Webtracker
Customer Drop Off	While the customer is present, complete all paperwork (rental agreement, inspection form, repair authorization). Set rental and future communications expectations. The rental expectation is that we will pay for the rental up to one day beyond the day that we advise them that the repaired car is delivered to us. Future communications expectations are that we will do so via text pager anytime the DDay is revised and to notify that the car is ready for pickup. Any communications to advise that they will owe additional out of pocket (for betterment, depreciation, etc.) will be done via telephone. All customers offered a text pager.	Observation

Damage Assessment	Estimates will be completed within 2 business hours of drop off. The shop will be selected within 2 business hours of drop-off. The shop will pick-up by AM the next day for cars referred to them PM, and by PM same day for cars referred to them AM.	Webtracker
Day 1 Call Back	Send each customer a copy of their initial estimate. {FL specific} Communicate to them the expected DDay, the rental expectations (again), and when we will next update them. This can be done via text pager, unless we need to communicate additional financial obligations to the customer (for betterment or depreciation, for example), in which case we need to call via telephone.	Review of FSN, looking for use of the Day 1 Call Back FSN Template.
Follow Up Customer Communication	Required when expected DDay changes, when supplemental estimates include additional aftermarket usage, and when additional betterment, depreciation, or any other issues arise which add financial obligation for the customer. Communications will be completed by telephone for additional financial obligation issues for the customer and by text pager for the other issues. Communications will take place the same day, will always reinforce the rental expectation, and we will document same in the FSN, using a FSN Template. Supplements including additional aftermarket need to be re-sent to the customer. No longer than a 7 day lag between customer contacts.	Review of FSN, looking for use of the FSN Template
Supplement Completion	Complete supplements within 48 hours of being electronically requested.	Webtracker

Repaired Vehicle Delivered	Complete the QI with shop present. Pay shop same day. Inform customer via text pager immediately upon completion of QI (again, reminding of our rental obligation).	Webtracker. PACMan Payment screens.
Customer Pick-up	Prepare a customer packet to include our warranty and the final estimate. Check in the rental. Collect the text pager. Reconcile any customer financial obligation.	File Reviews
Post Delivery	Rental will be paid same day. Subrogation for customer financial obligation will be processed same day. Package hard file docs and forward to file owner. Attempt customer survey within 3 - 7 days.	Comparison of Webtracker entries and PACMan Payment screens

A full write-up of the Diagnostic Review was prepared under separate cover in the attached document.



DxRevPRS1Q01.I

Customer Surveys

The quantity of surveying is not at the level it needs to be. Surveying has not been an integral part of the process. We are working to make it so and expect much fuller information going forward. We called 30 customers and completed 11 surveys. Without exception all rated their experience from Progressive as a "5" ("significantly exceeded my expectations") including, interestingly, the vehicle owner on a claim in a file that in our review we rated as having "1.0" file quality (does not meet). 91% were completely satisfied with repairs. On a scale of 1 - 5, with 5 being the best, the results of the other questions are outlined in the chart below:

	1	2	3	4	5
Quality of Repairs				3 (30%)	7 (7)
Timeliness of Repairs			1 (10%)	1 (10%)	8 (8)
Overall Progressive Claims Service					10 (1)

Real Estate Update

The O'Brien location, scratched last month from the list of potential concierge sites, is now back as our most viable option for the north after the landlord resolved issues with the city of Altamonte Springs that had previously rendered this location unworkable.

Activities spearheaded by Bill Church and the timelines for finalizing the O'Brien and the S. Orange Avenue locations as our eventual concierge sites in Orlando are outlined as follows:

244 O'Brien Rd. Activities Timeline

- architectural construction docs by 3/20
- construction estimates by 3/20
- deal summary by 3/20
- lease review 3/20
- **go/no go decision 3/21**
- sign lease 3/21
- building permit 3/21 - **can we pull this now based on what we know?**
- furniture/telco/data/security orders 3/21
- begin construction 4/11 (do phone room first)
- complete construction 5/9
- move in 5/11

S. Orange Avenue Activities Timeline

- architectural construction docs by 3/14
- construction estimates by 3/18
- deal summary by 3/18
- lease review 3/20
- **go/no go decision 3/21**
- sign lease 3/21
- building permit 3/28? - **can we pull this now based on what we know?**
- furniture/telco/data/security orders 3/21
- begin construction 3/28 (do phone room first)
- complete construction 4/30
- take possession 5/1 - move in 5/4

Thad Burdette has resolved a potential parking issue at the Orlando East claim office that will allow us to run a concierge operation out of there much like we have done in the Altamonte Springs office. This can tide us over to any eventual move-in date to the south location.

February Initiatives/Priorities/Action Plans

Diagnostic Review Action. We will continue to act on plans developed from the February Diagnostic Review, in an effort to perfect the process prior to scaling it up.

Real Estate. March should be the month that we learn conclusively whether or not our primary potential sites will happen. If so, a significant effort will need to be focused on preparing those sites for their eventual openings.

Staffing. We will continue to identify staffing for future PRS need. Currently, we have one req open -- for a Team Leader to manage the South Orlando concierge operation.

Steven Gellen
04/10/2001 09:23 AM

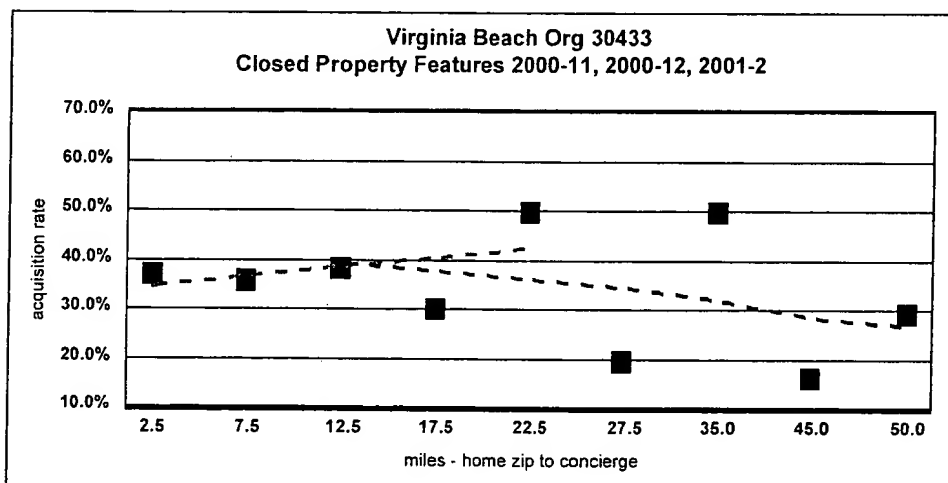
To: glenn renwick, Brian Passell
cc: William Church@PROGRESSIVE, Brian Frey@PROGRESSIVE, Brian Wakefield@Progressive, Tom
Dance@PROGRESSIVE, Craig Edmonds@PROGRESSIVE, Amy Corbett, chuck crist, drew walston
Subject: March 2001 Concierge Report

Volume

Volume in Virginia Beach and Orlando remained consistent with last month. Orlando has been constrained by lack of a site. Their site should be available in May. Cleveland volume is up. They have committed to 20-25 vehicles per day over the next two months.

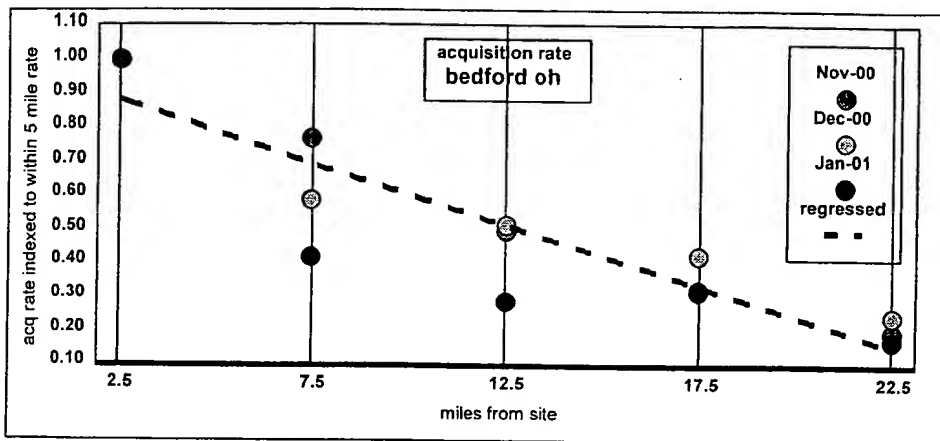
	acquire/wk this month	acquire/wk tri 3 months	acquire/gross new this month	acquire/gross new tri 3 months
va beach	44.5	43.8	28.3%	29.4%
cleveland	57.3	41.9	13.1%	9.2%
orlando	18.5	20.5	4.6%	5.2%
total	120.3	106.2	12.1%	10.6%

Acquisition rate continues to be independent of miles (up to 30 miles) from the Concierge site in Virginia Beach. In Cleveland there is a strong negative correlation that is troubling. There is a strong possibility that this relationship is driven by our referral practices vs customer preferences. With higher referral rates we will gain more confidence on the true underlying demand function. More work needs to be done to ensure that all reps are referring on a consistent basis.



EXHIBIT

C



Acceptance rates continue to be biased by policy distribution channel. Agent business under performs direct business. The table below shows the percentage by which direct business exceeds the performance of agent business with respect to penetration into our network repair services. Penetration is measured as in network physical damage features relative to all physical damage features.

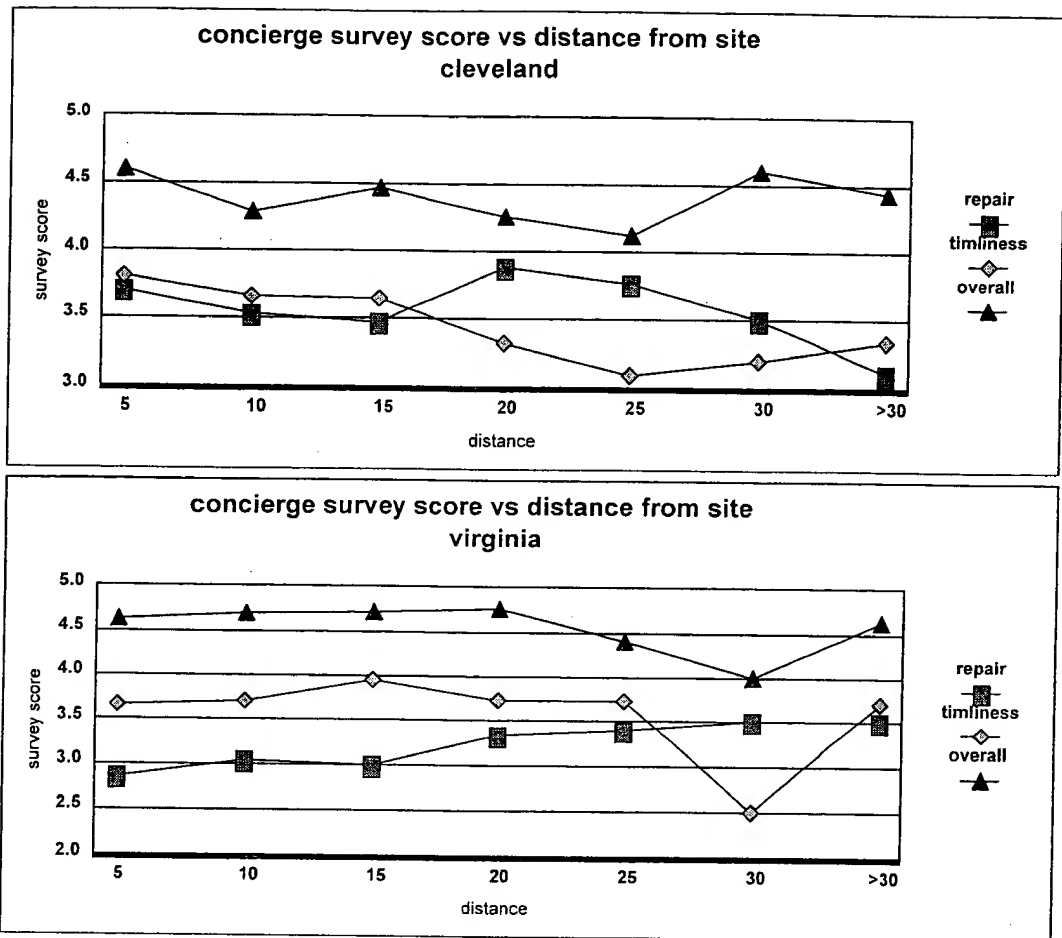
direct vs agent channel penetration		
concierge	March-01	trail 3 months
virginia	3.1%	48.5%
ohio	144.7%	110.2%
florida	20.0%	23.1%
TotalPro	March-01	trail 3 months
virginia	56.1%	34.2%
ohio	9.7%	15.1%
florida	18.5%	14.9%

Customer Satisfaction

The table below reflects feedback on the overall claims process by repair service customers. A score of 4.0 translates to exceeded expectations, 5.0 significantly exceeded expectations. Process changes have been put in place to increase sample sizes going forward.

satisfaction/N	December-00	January-01	February-01	March-01
va beach	4.70/27	4.66/35	4.68/28	5.00/4
cleveland	4.24/110	4.43/47	4.53/36	4.50/2
orlando	4.77/13	4.77/13	4.00/2	-----
total	4.37/150	4.53/96	4.58/66	4.83/6

Both Cleveland and Virginia Beach data refutes the hypothesis that if people have to drive further to the Concierge site they will be less satisfied with the service.



Renewal data is remains thin. The data below looks at PIF's at the beginning of a term and compares them to what remains after the renewal offer. Only PIF's that had a physical damage claim during the term and that expired 9-11/2000 are included in the data.

DATA UPDATED THRU 12/2000 NOT AVAILABLE AT THIS TIME

LAE

On December 6th Virginia Beach began a process that eliminated a dispatch if a vehicle could be schedule through concierge. The process has to date resulted in the reduction of a significant number of dispatches. There is still more room to reduce dispatches as there are a number of categories of vehicles that are not yet offered repair service. The process is facilitated by new loss broken call flow which allows a claims rep to assess a claim and clear CVQ's prior to contacting the claiming party, typically within 2 hours of the initial report,

va beach	new pd features	dispatches to inspect vehicles	total dispatches	inspect dispatches per feature	total ispatches per feature		
Oct-00	574	430	572	0.7	1.0		
Nov-00	392	285	491	0.7	1.3		
Dec-00	453	253	401	0.6	0.9	dec 6 begin new process	
Jan-01	520	177	332	0.3	0.6		
Feb-01	581	181	275	0.3	0.5		
Mar-01	628	200	310	0.3	0.5		

Cleveland has yet to take advantage of this benefit. Incentives are stronger in Virginia Beach given their generalist orientation vs an in-out process in Cleveland. Cleveland is working to take advantage of this opportunity.

month	pd dispatches			pd features			pd dispatches per pd feature			concierge fea	% concierge
	clev east	clev west	total	clev east	clev west	total	clev east	clev west	total		
Nov-00	643	772	1,415	916	1,014	1,930	0.65	0.71	0.68	137	6.6%
Dec-00	791	887	1,678	1,100	1,133	2,233	0.65	0.71	0.68	248	10.0%
Jan-01	887	1,024	1,911	1,191	1,217	2,408	0.70	0.79	0.74	159	6.2%
Feb-01	576	594	1,170	720	714	1,434	0.72	0.75	0.74	157	9.9%
Mar-01	607	647	1,254	796	725	1,521	0.67	0.77	0.72	229	13.1%

Supplement rates on Progressive Repair Service estimates are less frequent and are of lower severity. Results are modestly better than those reported last month. There remain opportunities to reduce supplement rate and improve supplement process.

	ohio		virginia	
	totalpro	concierge	totalpro	concierge
% w/o sups	27.3%	39.8%	35.3%	60.6%
% w/ >1 sup^	31.6%	25.8%	31.1%	17.1%
sup \$ vs ult \$	27.7%	22.4%	29.5%	19.3%
ays original to 1st sup	19	11.2	19.7	15.3
estimates w ritten 1/2001 as of end of 3/2001				
^ for population w ith at least one supplement				

Cycle Times

Time to acquire vehicles for repair continues to be significantly faster than our experience with TotalPro resulting in vehicle owners getting their cars back faster. The Orlando March average is being driven by a single spurious data point. Shop productivity remains significantly lower than TotalPro experience and is an area of concern. Virginia Beach experience is particularly adverse. Diagnostic review suggests this is a function of lack of active shop management and possibly the need for additional shop capacity. At this point there is little evidence that productivity is being suppressed by immediate acquisition of vehicles. Productivity amongst shops varies greatly suggesting we can find situations where we can get the results we seek. Actively managed shops exhibit better results as well. We have plans to attempt to significantly improve Virginia Beach shop productivity over the next two months.

driveable		March-01			trail 3 months	
concierge	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
va beach	6.5	14.4	1.6	8.8	12.4	1.9
cleveland	7.7	8.8	3.6	9.3	10.6	3.3
orlando	18.1	10.7	2.9	9.0	8.9	2.8
driveable		March-01			trail 3 months	
TotalPro	report to acquire days	in shop days	labor hrs/in shop day	report to acquire days	in shop days	labor hrs/in shop day
virginia	19.1	9.0	4.1	19.7	9.3	3.9
ohio	21.8	7.6	4.8	21.7	8.3	4.6
florida	19.7	8.9	4.4	19.9	9.4	4.4

Accuracy

We are creating an estimate review quota in Virginia Beach to get a credible and ongoing understanding of ultimate estimate accuracy. Our key measure will be percent of estimates that score below 3.0. Our expectation is that given our process we should be able to produce 3.0 files as a matter of course.

Repair Quality

Cosmetic repair quality continues to be a challenge. We are working in Virginia Beach to have shops put a post repair quality review process in place before they deliver a vehicle to our site. We are working to a standard where we have no rejection of shop work by our on site review process. Shops will be trained to use the same evaluation processes as we use and asked to sign off on a vehicle prior to delivery. Webtracker allows us to more accurately capture our quality rejection rate. In March in Orlando our rejection rate was 7%.

Other

The web based management system designed to support the repair service process from referral through shop management is in place in Orlando, Cleveland, and Philadelphia. Early reviews are favorable but we have a number of key issues we need to resolve. System response is slow. A fix is in test. The initial design does not facilitate work flow through the process as much as we would like. We are in the process of prototyping enhancements to address this. In addition we are going to pilot a bar coding application to enhance the capture and utilization of webtracker events.

We decided to go with one permanent site in Orlando vs our original plan of two. A facility siteing and acquisition rate simulation model facilitated the decision. It was not clear that the second site would have given us a significant increase in acquisition rate.

Philadelphia went live working out of a dealership on a temporary basis. They have already captured a number of vehicles. Similarly we opened an operation in Newport News, VA out of a body shop and have begun to capture volume there as well. The test of this operation is to understand if we can economically run a site that runs low volume. The concern is labor under utilization.

Legal has delivered a contract to support the Concierge rental vehicle process. The primary objective of the contract is to ensure that we are indifferent, from a liability perspective, between our traditional process and the concierge process. We are currently negotiating the contract with two vendors.

Legal is piloting a legal review process to understand issues and requirements that are pertinent to a concierge operation in that state. This process would be repeated as part of a roll out.

[REDACTED]



An introduction to Concierge and Concierge referral video and training module have been completed and tested. The objective is to ensure referring reps understand the concierge process and can sell vs offer the service to vehicle owners.

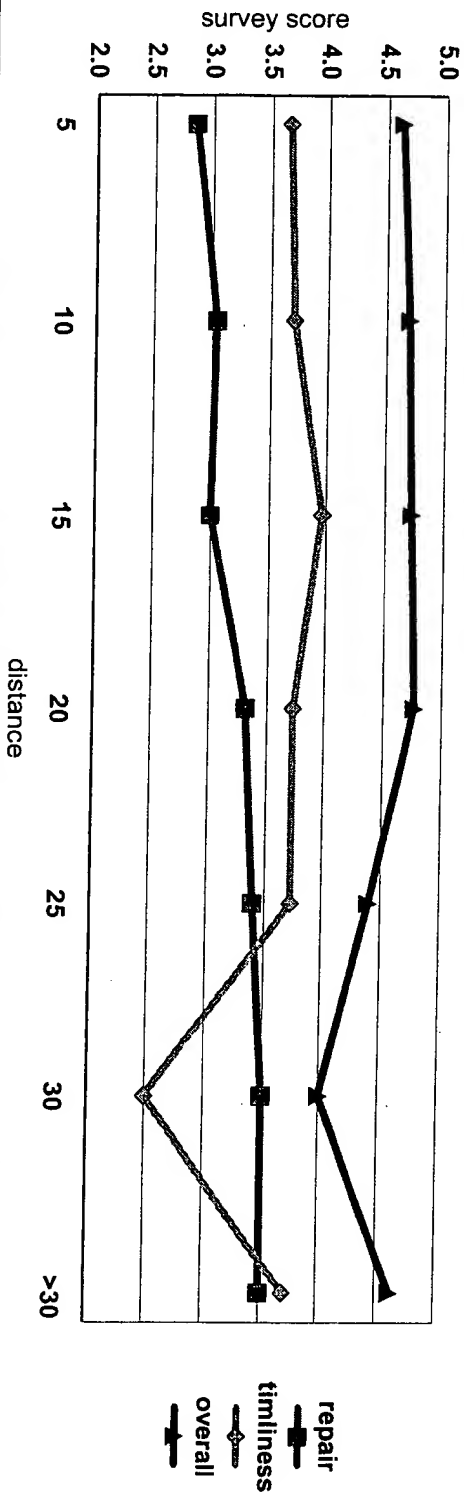
as of 4/1/01

state
date
grp b A= not 1 B= va. oh 0100-0200 0300-0400 0500-0600 0700 0800 0900

first party pd severity layer	injury rate			atty/rep rate			avg injury severity			population counts			pd severity distribution		
	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge
0	2.1%	2.8%	0.0%	25.8%	47.1%	ERR	2.67	3.82	ERR	14,339	611	12	26.1%	16.0%	13.8%
501	2.4%	0.8%	0.0%	25.9%	0.0%	ERR	3.11	2.33	ERR	11,327	742	23	20.6%	19.5%	26.4%
1,001	4.4%	3.9%	0.0%	19.6%	41.7%	ERR	2.79	3.79	ERR	14,602	1,217	21	26.5%	31.9%	24.1%
2,001	8.9%	7.0%	0.0%	15.3%	23.8%	ERR	2.60	2.19	ERR	7,273	600	21	13.2%	15.7%	24.1%
4,001	13.6%	11.0%	40.0%	19.9%	27.3%	ERR	2.83	2.33	1.00	3,107	300	5	5.6%	7.9%	5.7%
6,001	20.2%	14.0%	20.0%	20.3%	18.4%	ERR	2.78	2.63	1.00	3,145	272	5	5.7%	7.1%	5.7%
>10K	31.6%	30.0%	ERR	17.7%	14.3%	ERR	2.86	3.38	ERR	1,234	70	0	2.2%	1.8%	0.0%
total	6.0%	5.4%	3.4%	19.8%	27.8%	ERR				55,027	3,812	87			

third party pd severity layer	injury rate			atty rep rate			avg injury severity			population counts			pd severity distribution		
	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge	other	totalpro	concierge
0	17.1%	11.0%	0.0%	24.5%	17.1%	ERR	2.66	2.74	ERR	9,321	317	12	21.7%	14.4%	24.0%
501	17.0%	14.0%	0.0%	24.6%	14.7%	ERR	2.95	3.09	ERR	10,901	484	11	25.4%	22.0%	22.0%
1,001	22.9%	19.5%	25.0%	26.3%	24.7%	100.0%	3.26	3.46	4.40	12,444	748	20	28.9%	34.0%	40.0%
2,001	36.5%	30.8%	16.7%	29.1%	24.3%	ERR	3.32	3.92	1.00	5,416	334	6	12.6%	15.2%	12.0%
4,001	45.8%	29.5%	0.0%	31.5%	18.6%	ERR	3.59	3.40	ERR	2,138	146	1	5.0%	6.6%	2.0%
6,001	55.2%	30.7%	ERR	34.2%	30.2%	ERR	3.82	3.47	ERR	2,177	140	0	5.1%	6.4%	0.0%
>10K	64.0%	44.1%	ERR	36.4%	13.3%	ERR	3.78	2.93	ERR	597	34	0	1.4%	1.5%	0.0%
total	25.2%	20.6%	12.0%	28.0%	22.1%	100.0%				42,994	2,203	50			

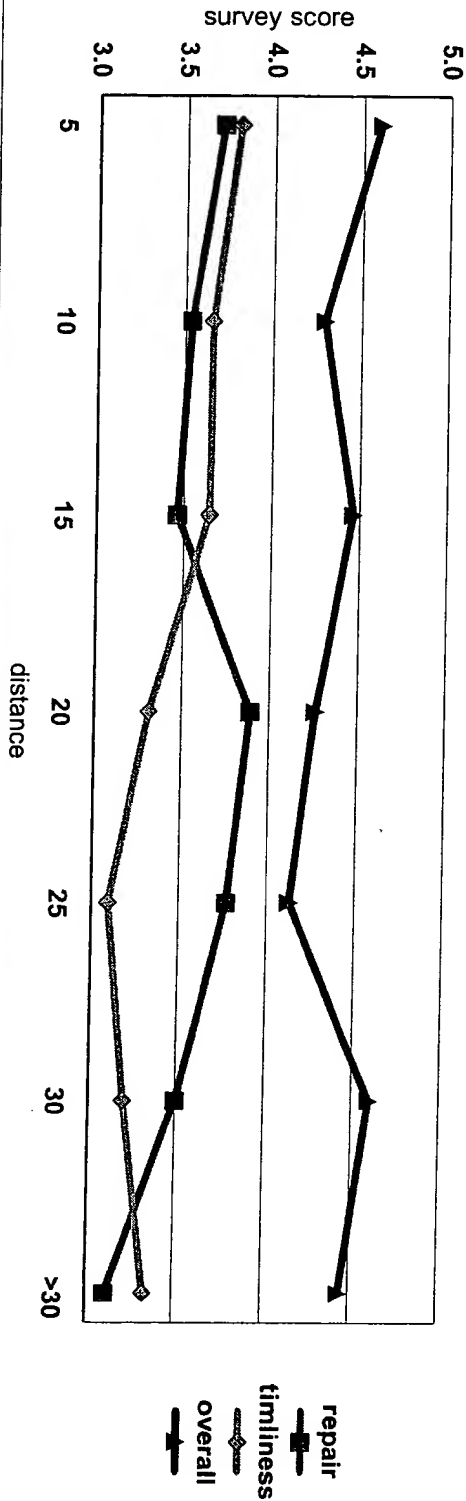
concierge survey score vs distance from site virginia



distance range	repair	timeliness	overall	count overall
0	2.85	3.67	4.63	48
5	3.04	3.71	4.69	121
10	3.00	3.97	4.73	66
15	3.32	3.73	4.77	56
20	3.40	3.73	4.40	15
25	3.50	2.50	4.00	2
30	3.50	3.71	4.63	24
TOTAL	3.11	3.75	4.68	332

7-1

concierge survey score vs distance from site
cleveland



distance range	repair	timeliness	overall	count overall
0	3.71	3.81	4.60	63
5	3.54	3.66	4.29	179
10	3.46	3.65	4.46	114
15	3.89	3.32	4.26	38
20	3.77	3.10	4.13	31
25	3.50	3.20	4.60	10
30	3.11	3.33	4.44	27
TOTAL	3.56	3.58	4.38	462

data from original estimates written 1/2001
as of 4/3/2001

<u>counts</u>	<u>totalpro</u>	<u>concleng</u>	<u>totalpro</u>	<u>concleng</u>
none	130	63	35.3%	60.6%
first	164	34	44.6%	32.7%
two	59	7	16.0%	6.7%
three+	15	-	4.1%	0.0%
total	368	104	%>1	31.1%
				17.1%

state VA

supplements > than \$
shop groups limited to
primary org limited to

severity of supplement

<u>totalpro</u>	<u>orig sev</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>tol sup</u>	<u>tol</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>orig vs util</u>	<u>orig + 1st</u>
1 sup	\$ 1,514	\$ 565				\$ 565	\$ 2,068	36.6%				73.2%	100.0%
2 sups	\$ 2,164	\$ 730	\$ 478			\$ 1,208	\$ 3,372	33.7%	22.1%			64.2%	85.8%
3 sups	\$ 2,809	\$ 841	\$ 413	\$ 218		\$ 1,472	\$ 4,281	29.9%	14.7%	7.8%		65.6%	85.3%

sub vs util 29.5%

severity of supplement

vs original

<u>concleng</u>	<u>e</u>	<u>orig sev</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>orig vs util</u>	<u>orig + 1st</u>
1 sup	\$ 1,359	\$ 319				\$ 319	\$ 1,678	23.5%			81.0%	100.0%
2 sups	\$ 1,677	\$ 267	\$ 172			\$ 439	\$ 2,117	15.9%	10.2%		79.3%	91.9%
3 sups	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

lag from original or prior supplement

<u>totalpro</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
1 sup	22.7			
2 sups	13.7	16.1		
3 sups	10.1	8.5	11.8	

19.68

lag from original or prior supplement

<u>concleng</u>	<u>e</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
1 sup	17.0				
2 sups	6.7	23.0			
3 sups	#DIV/0!	#DIV/0!	#DIV/0!		

#DIV/0!

data from original estimates written 1/2001
as of 4/3/2001

<u>counts</u>	<u>totalpro</u>	<u>concierge</u>	<u>totalpro</u>	<u>concierge</u>
none	602	64	27.3%	39.8%
first	1,098	72	49.8%	44.7%
two	400	21	18.1%	13.0%
three+	107	4	4.8%	2.5%

total	2,207	161	% > 1	31.6%	25.8%
-------	-------	-----	-------	-------	-------

supplements > than \$
shop groups limited to
primary org limited to

state oh

severity of supplement

<u>totalpro</u>	<u>orig sev</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>tot sup</u>	<u>tot</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>orig vs ull</u>	<u>orig + 1st</u>
1 sup	\$ 1,645	\$ 529				\$ 529	\$ 2,174	32.2%				75.7%	100.0%
2 sups	\$ 2,329	\$ 852	\$ 358			\$ 1,209	\$ 3,538	36.6%	15.4%			65.8%	89.9%
3 sups	\$ 3,112	\$ 995	\$ 576	\$ 375		\$ 1,947	\$ 5,058	32.0%	18.5%	12.1%		61.5%	81.2%

sub vs ull 27.7%

severity of supplement

vs original

<u>concierge</u>	<u>e</u>	<u>orig sev</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>orig vs ull</u>	<u>orig + 1st</u>
1 sup	\$ 1,636	\$ 398				\$ 398	\$ 2,034	24.3%			80.4%	100.0%
2 sups	\$ 1,770	\$ 365	\$ 245			\$ 610	\$ 2,380	20.7%	13.8%		74.4%	89.7%
3 sups	\$ 1,444	\$ 1,363	\$ 446	\$ 57		\$ 1,866	\$ 3,310	94.4%	30.9%	4.0%	43.6%	84.8%

22.4%

lag from original or prior supplement

<u>totalpro</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
1 sup	21.4			
2 sups	14.6	15.3		
3 sups	10.6	12.0	12.1	

18.98

lag from original or prior supplement

<u>concierge</u>	<u>e</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
1 sup	12.1				
2 sups	8.9	6.6			
3 sups	8.3	11.0	9.3		
	11.21				

bedford oh

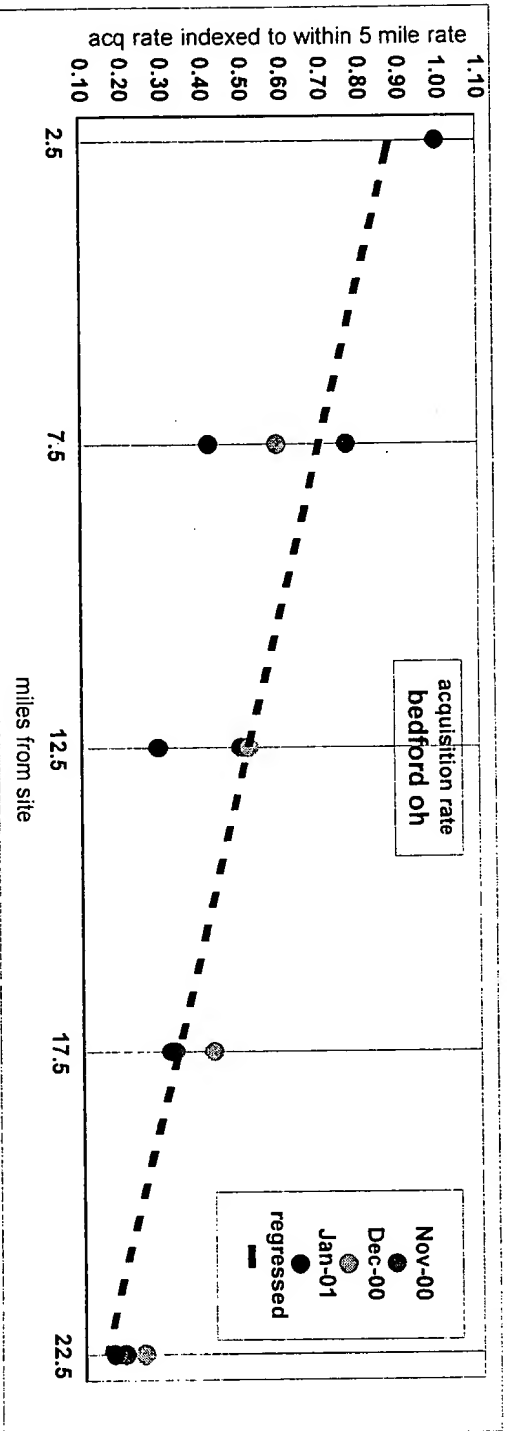
acquisition rate

miles from site	Nov-00	Dec-00	Jan-01
2.5	21.3	25.6	26.4
7.5	16.4	15.2	11.1
12.5	10.6	13.3	7.7
17.5	7.0	10.9	8.4
22.5	4.3	6.4	4.6

indexed to 2.5 miles

Nov-00	Dec-00	Jan-01	avg	std/avg	regressed
1.00	1.00	1.00	1.00	0.0%	0.88
0.77	0.59	0.42	0.59	24.0%	0.70
0.50	0.52	0.29	0.44	23.5%	0.52
0.33	0.43	0.32	0.36	13.6%	0.34
0.20	0.25	0.17	0.21	15.0%	0.16

slope -0.0364
constant 0.9744
r² 0.90



William Church
04/03/2001 09:20 AM

To: Bruce Ritchie@PROGRESSIVE, Brian Wakefield@Progressive, Tom Dance@PROGRESSIVE, Mike McNamee@PROGRESSIVE, Carolyn Pierantozzi@PROGRESSIVE, Samuel Lavanty@PROGRESSIVE, Amy Corbett@PROGRESSIVE, Drew Walston@PROGRESSIVE, Steven Gellen@PROGRESSIVE, Brian Frey@PROGRESSIVE, Craig Edmonds@PROGRESSIVE, Chris Wolf@PROGRESSIVE, Terrence Goldsmith@PROGRESSIVE, Jodi Jackson@PROGRESSIVE

cc:

Subject: March Customer Service Data 

The quantity of surveys completed in March was only 89 vs. 164 last month. This represents approximately 25% of the total volume. It does not appear that we are making a follow up call on 100% of the completed repairs. This part of the operating standards so make sure your people are making the attempt and documenting it in the face sheet notes.

	<u>March Surveys / Feb referral volume</u>
VA Beach	23%
Cleveland	27%
Orlando	2%

Results: Overall results in March improved.

Quality: The quality of repairs was rated at a 4.5 vs. 4.4 last month. There has been a 15% improvement since January. There remains considerable room for additional improvement as 15% answered the question that they are not satisfied with the quality of repairs. Virginia Beach had 20% of their respondents indicate they were not totally satisfied with repairs. Cleveland had considerable improvement as only 6% responded as being not totally satisfied. Cleveland scores have improved 20% since January. Orlando survey data was not sufficient size to draw comparisons.

Timeliness: Timeliness of repairs was rated at 3.9 vs. 3.8 last month. Cleveland was rated at a 3.4 and Virginia Beach was at a 4.0. Expectation setting continues to be an issue as we often under estimate the true length of repairs.

Overall claims handling: Overall claims handling was rated 4.6 vs. 4.5 last month. Cleveland has steadily improved this score to 4.6 this month vs. 4.5 last month and 4.4 in January. Virginia Beach had 4.7 overall which improved from 4.6 last month. As evident by the comments, people continue to have very positive claims experiences.



cncie401.WK

Updates:

1. The pre repair checklist doesn't eliminate the situation where a customer claims unrelated old damage was part of the accident. I want to begin a new process where we take 4 photographs of the vehicle from each corner while we complete the pre-repair checklist with the customer. If the claim parties see that we are taking photographs, they may be less likely to challenge the old damage. However, do not turn this into an investigation and photograph every scratch. Four corners should be sufficient while the customers wait. Additional pictures can be taken during the estimating process if needed.
2. The alpha class for the referral training was completed in Bensalem. The class was well received as participants rated the "appropriateness of the program content for the claims rep position" as 5.3 out

of 6.0; "apply this material in my day to day job" is 5.5 out of 6.0; and "overall class rating" as 5.2 out of 6.0. We have some revisions to be made and then Virginia Beach, Cleveland and Orlando can conduct retraining for their claims representatives.

3. Training design is ongoing for the Concierge Roles, Webtracker Training, Site Management, SOP's and Safety/Security. Jodi Jackson and Terrence Goldsmith are helping us design the course. The training content will be in part formed by the Concierge site managers. The materials will be used to train new and existing sites.
4. A national rental vendor contract has been shared with Alamo and will be shared with Enterprise and Budget. Alamo has some revisions that are being reviewed by legal.
5. An order has been placed for the pocket brochures. We are pending other legal changes to the brochure so the quantities will be limited to about 500 per site.
6. Orlando budget has been approved for a Concierge site in Altamonte Springs. Edgewood site has been dropped from consideration due only a marginal improvement in the referral rates and significant labor costs of having underutilized sites. Altamonte Springs is projected to be delivered by the end of May.
7. Philadelphia rolled out to Concierge yesterday from a temporary dealership location with 2 acceptances. Due diligence continues on the Mercedes dealership as an environmental phase 2 report is expected in a week.
8. Virginia Beach parking lot can be expanded. This is pending a site survey to determine the number of cars we will gain by the expansion.
9. Webtracker training was conducted in Philadelphia and Cleveland on the new functionality. Virginia Beach is scheduled for next week. Some modifications are being planned to improve the system response time and change the work buckets. The work bucket changes will be shared for feedback within 30 days. In the interim, we will uncouple the entry of the customer pick up information from the QA Passed event; eliminate the following Concierge To Do's: Complete Initial Inspection at Concierge Site, Contact Customer - Supplement Complete, Extend Rental (for Concierge Repairs).

Brian Wakefield
04/03/2001 12:12 PM

To: William Church@PROGRESSIVE, Steven Gellen@PROGRESSIVE, Amy Corbett@PROGRESSIVE,
Russell Mountcastle@Progressive
cc: Edward Ruse@PROGRESSIVE, Scott Taylor@PROGRESSIVE, wayne Helbert@PROGRESSIVE
Subject: Progressive Repair Service - March 2001 monthly report

Customer Results:

1. Volume:

Month	New Features	Features Closed	Inventory	Fea/day
March	248	219	135	12.4
February	236	235	121	11.8
January	283	316	126	11.3
December	252	219	174	12.6
November	213	165	140	10.7
October	237	216	99	9.5

2. We estimated 172 cars on site during the month of March (calendar month, not Progressive month). = 7.8 estimates/day.

Acceptance/Referral Rate:

per week volumes											
							4	4	5	4	4
conciierge	org	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01
clev	32090	8.8	7.6	9.0	18.0	18.4	34.3	62.0	31.8	39.3	57.3
va beach	32097	7.5	7.2	8.8	21.0	31.2	40.3	45.8	41.8	45.8	44.5
orlando	webtracker							7.0	20.6	22.3	18.5
clev east	30048	249.5	230.4	230.5	214.8	237.4	229.0	275.0	238.2	180.0	199.0
clev west	30046	249.0	245.8	239.0	245.8	243.8	253.5	283.3	243.4	178.5	181.3
% conciierge		1.7%	1.6%	1.9%	3.8%	3.7%	6.6%	10.0%	6.2%	9.9%	13.1%
va beach	30186	156.8	148.6	148.5	124.3	114.8	98.0	113.3	104.0	99.5	112.5
% conciierge		4.6%	4.6%	5.6%	14.5%	21.4%	29.1%	28.8%	28.7%	31.5%	28.3%
orlando east	31128	141.8	141.6	142.8	146.8	135.4	116.0	106.3	119.4	124.0	119.0
orlando north	30790	121.5	123.4	111.0	140.8	115.6	100.5	98.3	109.0	122.0	104.8
orlando south	30372	87.3	87.6	88.5	77.5	78.6	76.8	77.5	76.4	75.5	85.0
orlando west	31208	93.5	91.4	95.0	100.0	87.0	79.8	84.8	74.8	93.5	91.8
% conciierge								1.9%	5.4%	5.4%	4.6%
total % conciierge		2.4%	2.3%	2.8%	6.3%	7.7%	11.4%	10.0%	9.1%	11.2%	12.1%
in march 2001 orlando counts changed to vehicles delivered											

Dispatch Data:

Dispatch History		
Month	Total Dispatches	Dispatches to Inspect Vehicles
October	572 (18.5/day)	430 (13.9/day)
November	491 (16.4/day)	285 (9.5/day)
December	401 (13.4/day)	253 (8.4/day)
January	332 (10.7/day)	177 (5.9/day)
February	275 (9.8/day)	181 (6.5/day)
March	310 (10.0/day)	200 (6.5/day)

Survey Results:

We completed 51 surveys during the month of March. Results will be reported under separate cover.

Body Shop Results:

1. We have 13 Shops in the Network. We had one "casualty" as a result of our increased focus on quality. The shop refused to fix some re-work as a result of a failed quality inspection. We have also severely limited the volume going to one of our other shops due to quality concerns. We will likely add 2-3 additional shops in the month of April.
2. In addition to the 13 Network shops above, we will identify 2-3 motorcycle shops to begin offering this service on special lines claims. We had our first motorcycle customer in March.
3. We completed 98 Quality Inspects during the month of March with a documented 10 failures (10%). My feeling is that the true percentage of failures is probably in the 20% range. I do not feel we have done a good enough job of capturing this data. For April, we have created a log book that will record the following:

<u>Claim number</u>	<u>QI pass by shop y/n</u>	<u>QI pass by PRS y/n</u>	<u>Customer reject y/n</u>
---------------------	----------------------------	---------------------------	----------------------------

We have started having the shops complete our QI form prior to delivering the repaired car to our site.

Process changes for April:

1. We have enhanced our QA program to focus on accuracy. We will improve accuracy by conducting PD file review/reinspects on a minimum of 20% of the cars estimated at the PRS site each month. The goal is to consistently produce 3.0 quality estimates. By doing so, we will achieve several downstream benefits: Better credibility with the shops, reduced supplements, improved cycle time, increased customer satisfaction, increased productivity and job satisfaction.

Who's involved: The on site team leader, Russ Mountcastle - will complete 1 Reinspect each day (at least 20/month)

Our state PD trainers, Mark Willey, Kenny Dean - will complete at least 4/month
Concierge Manager, Brian Wakefield - will complete 2/week (8/month).

2. We have standardized the colored car hats and we use them on every vehicle now.
Yellow = needs and estimate
Red = ready for shop to pick up (new work or rework)
Green = passed QI and ready for customer delivery
3. We began writing the rental max date on the rental contract that we give to the customers. This prevents the frequent rental updates provided to the customer regarding when their coverage expires.
4. Revised QI tracking log - will reflect rejections by shop, PRS rep and customer.

5. Per Steve's request, we will track phone volume for one week:

<u>Date/time of call (inbound/outbound)</u>	<u>party (shop, customer, IR branch, etc..)</u>	<u>reason.</u>
---	---	----------------

Newport News:

We began offering the service in our neighboring Newport News territory on March 26th. We are working out of some office space at a dealership in Hampton. We are deliberately controlling the volume of customers at this time, allowing one IR rep to pitch the service and not allowing her to get more than one acceptance per day. So far we have had little trouble with customer acceptance. They hit their goal of 5 new customers last week. They delivered their first repaired car on 4/3/01.

Phones/data lines will be installed at this location on 4/5/01. We will then be able to grow the volume. More detailed information will be included in April's report as we grow this site.